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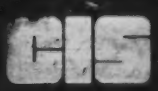

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PREPARATION FOR THE 1990 FARM BILL

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

DAIRY, ENVIRONMENT, AND CONSERVATION ISSUES

SEPTEMBER 11, 1989—MONTPELIER, VT

PART V

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PREPARATION FOR THE 1990 FARM BILL

Dairy, Environment, and Conservation Issues

MONDAY, SEPTEMBER 11, 1989

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Montpelier, VT.

The committee met, pursuant to notice, at 9:30 a.m., in the Vermont State House Chamber, Montpelier, VT, Hon. Patrick J. Leahy (chairman of the committee) presiding.

Present or submitting a statement: Senators Leahy, Harkin, Conrad, Daschle, Lugar, and Bond.

OPENING REMARKS OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM VERMONT

The CHAIRMAN. Good morning. I want to welcome everybody here to this historic Vermont House Chamber.

Mr. Secretary, we are so happy that you could be here with us. It is the first time we have had, I think, the Secretary of Agriculture here in the Vermont State House. Senator Lugar the distinguished Ranking Member of this committee, I certainly appreciate your being here.

The casualty list: I should explain—and it is something that has happened to me during the past month—we have two impeachment trials going on in the Senate. One is of Judge Alcee Hastings, and the other is of Judge Nixon. I serve on the special Hastings impeachment panel. A number of you—I look at some of the faces around here—were at meetings I hoped I might be able to attend. However, I have been unable to be there because the members of the panel have met for about 5 or 6 weeks, 8 to 9 hours a day, on the Hastings trial. You cannot really be excused from the meetings. Today, two of our Senators—Senator Heflin and Senator Fowler—are on the Nixon trial. They talked to me over the weekend, and are unable to come.

I told them, "That is all right. Georgia and Alabama will get nothing in the farm bill now." [Laughter.]

That, I hasten to add, is a joke, in case there are any lawyers here from those States. And with that, I yield to Senator Lugar.

STATEMENT OF HON. RICHARD G. LUGAR, A U.S. SENATOR FROM INDIANA

Senator LUGAR. Well, thank you very much, Mr. Chairman. I know that I speak for all of us on the committee when I express

my pleasure in the fact that the chairman has provided us with this historic capitol in Vermont for an opportunity to visit with farmers, farm families, those Vermonters who are interested in farming. This is especially important as we prepare for the 1990 farm bill. He will provide us with insight into specific conditions and opportunities here in Vermont.

All of us on our committee have a great deal of affection for our chairman, Senator Pat Leahy. He has been a distinguished chairman of the Senate Agriculture Committee, a chairman who has fashioned a bipartisan consensus on the important issues that have faced us during each of the last two Congresses. Because of that, he has made great progress.

I recall 2 years ago a hearing in Vermont in which we had a very good meeting with Vermonters. On that occasion we gained considerable insight, grassroots insight, into what was important in this State—and I think it had its effect with regard to the legislation we subsequently tried to pass. So we look forward to this hearing with the spirit of fellowship in which you have greeted us. We look forward to hearing of your specific problems, but likewise, your optimism about farming in this country.

I think each member serving on the committee comes to American agriculture with optimism for the present and for the future, even mindful of all the problems that we have. So it is in that spirit that we come, and we thank you for your greeting.

STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM VERMONT

The CHAIRMAN. Thank you. I really appreciate that, Dick, because I think it was at the hearing you talked about when I set out some of my goals for the committee.

I spoke of the importance of agriculture and of working to protect it here in Vermont and throughout the country.

I also made a commitment that the Senate Agriculture Committee would address the issues vital to the 90 percent of rural Americans not engaged in production agriculture:

To make sure that no one is hungry in the richest nation in the world;

To reform our pesticide laws;

To provide rural Americans the jobs they need to support their families.

With the support and cooperation of my friends that are sitting here this morning, we have succeeded.

I might say again that with strong bipartisan help from the members around this table and the other members of the committee—Mr. Secretary, with help from you and your predecessor—we have succeeded in a number of those issues.

In the last 2 years we have enacted into law the largest increase in nutrition programs and the first major pesticide reform bill in a decade. Dick, it is the one you and I did 10, 11 years ago. Just 2 months ago the Senate passed the strongest rural development legislation in 9 years.

The enactment of the most comprehensive reform of the Farm Credit System in 50 years was also enacted during that time and

two major disaster bills show that we can get the job done for traditional agriculture—on time and within budget.

But now we are going to start talking about the 1990 farm bill, now is the time to look toward the future. This fall the Agriculture Committee will begin writing the 1990 farm bill. The hearings we are holding around the country and in Washington will be important.

For most Vermonters, the farm bill will mean dairy. We will talk about that with this panel.

But the farm bill, of course, is much more, as we all know. It encompasses all of agriculture—and every commodity—corn, peanuts, wheat, soybeans, and many more. It will also make major decisions on ground water protection, world hunger programs, international trade, and much more.

Today we are going to have an open mike at the end of this meeting. We have set aside time.

We did something very similar to this—Senator Bond and I did, out in Missouri—and we are going to do the same thing here. At the end, we are going to ask our Commissioner of Agriculture—after Secretary Yeutter speaks to us—to open it up for anyone who wants to say anything. It is a unique opportunity to do that, and I hope people will do it.

I hear what you have to say every week when I return to Vermont. This is your opportunity—and a very unique opportunity—to tell many Agriculture Committee Senators and the Secretary of Agriculture your views on the 1990 farm bill. I thank them for being here today.

I should emphasize that the rules of this hearing are the same as any hearing in Washington. This is an official hearing of the Senate Agriculture Committee. It is reported as such in the Congressional Record and in our annals. The rules will be exactly the same. If you speak, you will get back a copy of the transcript of what you said, both at the open microphone and here. The reason I mention that is because sometimes you get your statement back and say, "Wait a minute. Really, the number cited here was a little bit different. I want to change this." You have the opportunity to do that, because this transcript will be an integral part of what we use for the 1990 farm bill.

Today the panels will focus on three of the farm bill themes important to me—protecting Vermont's dairy farms, our food supply, and our environment. But naturally, you can speak of anything you wish. Your views on any matter are welcome.

I start off with dairy because Vermont's dairy farms are an important part, not only of our State's economy, but also of our heritage. Our small dairy farmers must stay competitive if Vermont is to maintain its special way of life.

But Washington alone cannot make this happen.

Local, State, and personal decisions will all decide the future of the Vermont dairy farm, just as the debate went in the last legislature in this chamber on the dairy farms of Vermont. We need your help and we have to work together if we are to protect farm income, and dairy farm families.

I believe our Vermont dairy farm families need a new farm policy they can depend upon as they make their plans for their future.

Almost all our major commodity programs include both price and supply management provisions. Dairy must as well. Without some way to handle renewed growth in production nationwide, dairy farmers will get a lower price for their hard, very hard work.

The issue of bST [bovine somatotropin] is important to both consumers and farmers. I have asked the FDA to withhold a final decision on bST until both the human and animal health data are double-checked. I am listening carefully to what Vermonters are saying on bST. And as you know, during the past couple years, I have had meetings all over the State on just this issue.

While I would like to elaborate on these points, I am going to close with just mentioning one; this one is part of the farm bill. It is a part that has been of vital interest to me in all the years that I have been in the Senate, and that is the child nutrition and hunger issues.

Hunger is a test of the moral conscience of our society. And it is a test that the 1990 farm bill must pass when we look at issues from food stamps to nutrition, to international hunger programs. We are, after all, the most powerful, wealthiest nation in the world. And yet we have millions of people in this Nation who live in hunger. It goes beyond being an economic or a political issue; it is a moral issue. It will be a vital part of the farm bill.

So with that, if my colleagues will allow me, I will call on the first panel that we have here. We look forward to hearing from you. We will start, as I understand it, with Mr. Harvey. I should note that the full statements of each of you will be placed in the record.

I would like to go through the whole panel, reserve our questions until the panel is over, and then ask them.

Go right ahead.

STATEMENT OF KIM HARVEY, HARVEY FARMS, FLORENCE, VT

BACKGROUND

Mr. HARVEY. Good morning. My name is Kim Harvey, I am a 34-year-old dairyman from Florence, Vermont. I operate a 200-acre farm with my wife, Holly, brother Matt and parents Norm and Verna. We milk 66 Holsteins, and this year expect to ship approximately 1.2 million pounds of milk to our cooperative Agri-Mark, making us a very typical Vermont dairy farm in terms of milk production. Agri-Mark is the largest milk co-op in Vermont and New England of which my father is chairman of the board.

CONCERN ABOUT THE SUPPORT PRICE

As a young Vermont dairyman who hopes to remain in dairy farming, I would like you gentlemen to know that I am extremely concerned about the possibility of a January 1, 1990 drop in the support price. The 3-month increase in the support price, from April through June of this year, was a big help, and I certainly am encouraged by the M-W price increases this fall, but if prices are

allowed to fall below the current support price, our farm operation will be hurt severely.

It should be obvious by now that cuts in the support price do not reduce the supply of milk very fast. Price cuts only reduce supply by forcing farmers out of business. Even when they do sell out, many of the cows end up on other farms. This is a slow process that is disrupting the industry. The only way to reduce the supply of milk is to cull or export dairy cows from the U.S. dairy herd.

PUSHING THE SUPPLY OF MILK BEYOND DEMAND

With new advances in genetics, better quality feeds, new methods of feeding cows, and more mechanization, we will continually be pushing the supply of milk beyond demand. We need to have a responsive means of controlling supply. With bST and similar technologies looming on the horizon, the need is even greater to find methods other than just price cuts to control milk supplies. A modified diversion or buyout program would respond to a surplus quickly.

NOT A SURPLUS OF DAIRY PRODUCTS

If you look at the current M-W price increases and the lack of dairy products in CCC warehouses, you would have to conclude that there is not a surplus of dairy products. In fact, there are not enough dairy products to provide to the Government's school lunch and other nutrition programs, but a price support cut is still a possibility because of the Government's method of calculating CCC purchases on a butterfat equivalent basis.

METHOD FOR CALCULATING CCC PURCHASES HAS TO BE CHANGED

Personally—and I know that many Vermont dairy farmers and other members of Agri-Mark feel the same way—I feel that the method for calculating CCC purchases has to be changed to a total solids equivalent of products purchased by the CCC, rather than by the butterfat method, which obviously does not reflect true market conditions. This is true because butterfat is only one component of milk, whereas total solids accounts for essentially all of milk's components. Dairy farmers and consumers look to the Federal Dairy Price Support program for stability. The way I understand it, the purpose of the price support program is to bring stability to the market by protecting dairymen and consumers from large price swings. The price cuts of the 1985 farm bill have not provided stability.

MARKET SHOWS PRESENT SUPPORT PRICE LEVEL IS OUT OF LINE WITH MARKET PRICES

Right now, the M-W is $2.02 above the support price so there is room for a substantial price swing if national milk production rises, as it is predicted to do. The market clearly shows that the present support price level is out of line with market prices. From a market-oriented basis, there may actually be reason to increase the support price, rather than to decrease it, to act as a buffer against devastating price swings.

NOT A SURPLUS AT THE PRESENT TIME

In closing, I would like to emphasize that there is not a surplus at the present time, and the use of a total solids formula for calculating CCC purchases would show that. Dropping the support price will have a very negative effect on our farm operation. I also believe that the 1990 farm bill should contain a milk supply program other than straight price cuts, such as a modified diversion or buyout program, to control supply.

Thank you.

The CHAIRMAN. Thank you, Kim. Before Tim Bryant starts, I want to mention that we do want to have time for questions of the panel. Let me emphasize that when the little red light goes on, unfortunately I will have to ask you to sum up at that point. Otherwise, it will take time from the other members of the panel.

Again, I want to emphasize that your whole statement will be part of the record. But I do want to leave some time for questions.

Tim Bryant, who is the director of Eastern Milk Producers in Pawlet, go ahead.

STATEMENT OF TIM BRYANT, DIRECTOR, EASTERN MILK PRODUCERS, PAWLET, VT

Mr. BRYANT. Senator Leahy, other distinguished members of the Senate Committee on Agriculture, Nutrition, and Forestry and Secretary Yeutter, I would like to welcome you to Vermont and on behalf of myself and Eastern Milk Producers, thank you for giving me the opportunity to appear before you today.

My name is Timothy Bryant. I am a dairy farmer from Pawlet, Vermont, and also the director of the Eastern Milk Producers Association.

1990 FARM BILL—SET OUR GOALS AND DETERMINE OUR PRIORITIES

We are here today to discuss the 1990 farm bill. For the dairy industry, this probably will be the most important legislation enacted by Congress in the decade. I feel, as we look toward the 1990 farm bill, we have to set our goals and determine our priorities for the future.

In the early 1980's, we saw increasing milk surpluses resulting from the favorable price increases received for milk in the late 1970's and early 1980's. To alleviate the situation, we tried the diversion program and several support price cuts. The result was still too much milk.

1985 FARM BILL

The 1985 farm bill came into effect, and the whole-herd buyout was implemented. The result of the buyout was that we developed a tight milk supply, which in turn resulted in better milk prices for the milk and dairy products, and for dairy farmers. However, critics will maintain that this program drove too many farmers out of business.

The GAO, however, estimated that the farmers would have had to sustain an additional $3.75 cut in price support to accomplish what the buyout did. How many farmers would that have put out

of business? And for those of us who somehow survive, how long could we have remained in business?

NEW FARM BILL WILL HAVE TO PROVIDE A SYSTEM TO KEEP MILK SUPPLIES TIGHT

What this indicates to me is that the new farm bill will have to provide a system that will keep milk supplies tight. If we do nothing and are left to our own devices, can we expect the market to maintain the strength that it now has? I think not.

A PROGRAM THAT CAN PROVIDE STABILITY

Thus, what we are looking for in the farm bill is a program that can provide stability. We cannot expect to have legislation that will guarantee that every farmer in business today will still be in the business 10 years from now. We do need legislation that will provide a mechanism to establish an adequate income for those who will still be farming in the year 2000. I do not think this is too unrealistic a goal.

HOW DO WE ACCOMPLISH THIS GOAL?

How, then, do we accomplish this goal? Some suggest we should just cut prices in order to control production. This, however, can be a devastating approach. The Eastern Milk Producers has a firm policy opposing any further cuts in the price support level as a means of controlling production. It does support the enactment of a reasonable supply management mechanism as part of the price support program.

With the supplies now close to commercial demand, market prices will remain above support prices. If, however, supplies become excessive, prices will take a drastic drop. This certainly would force many farmers out and eventually balance milk supplies with demand. That also leaves those farmers who are still in business in a very precarious financial position.

SOME FORM OF SUPPLY MANAGEMENT

The other alternative is some form of supply management. The National Commission on Dairy Policy recommended that we use a targeted buyout as its first choice. Many of us feel that this is an effective management tool and should be seriously considered. It may be our best choice.

What about operating a two-tier pricing plan? Properly developed and properly executed, such a quota plan possibly could work. But do we need to go this far to control production, and is this really the best alternative for our dairy industry?

Unfortunately, quotas can become very restrictive, maybe to the extent of curbing growth even where growth is needed. When we consider the new farm bill, however, we have to look carefully at all the options. Many of us feel that this farm bill is our last chance to get it right.

In the last few years, the dairy industry has been floundering. First we have had too much milk, and now not enough. Figures are now indicating that because there is a shortage of milk, prices will

finally exceed those prices that we received in 1982. In the dairy industry, we feel very good about these prices.

How many people do you know, however, that would be happy to be working today for the wages they earned in 1980? I don't know many. Do you?

Thank you.

The CHAIRMAN. Thank you very much. I believe you will find total agreement around the table with that last statement.

Mr. Pollina.

STATEMENT OF ANTHONY POLLINA, EXECUTIVE DIRECTOR, RURAL VERMONT, MONTPELIER, VT

RURAL VERMONT IS A GROWING ORGANIZATION

Mr. POLLINA. Rural Vermont is a growing organization that represents a growing association between Vermont farmers and Vermont consumers.

THE GOAL

The goal of American farm policy is to provide an adequate diet for all Americans and to provide stability to family farmers. We are now failing at both.

In 1988 the USDA made this point perfectly clear. In January the USDA cut dairy farmers' prices because of a huge milk surplus. In February, they announced the end of the distribution of dairy commodities to low income programs because of a severe milk shortage. That spring, in Washington, D.C., I spent a morning listening to this committee debate how to handle the milk surplus. I then spent the afternoon with national religious leaders and hunger activists discussing what to do about the crisis caused by the shortage of milk.

It is no coincidence that the 1980's have brought both a record loss of family farms and a drastic increase in the number of hungry and malnourished Americans. It is a reflection of the failure of our dairy policy.

BEFORE THE NEXT FARM BILL DECIDE WHETHER WE HAVE A MILK SURPLUS OR A MILK SHORTAGE

Before you design a new dairy policy, you have to decide whether we have a milk surplus or a milk shortage. Because no matter how you juggle the figures, you cannot have both.

We must redefine what we mean by surplus milk and how we calculate dairy surpluses. The bottom line is you don't have a surplus of food while you have millions of hungry people. And you can not design a policy if you don't first know the need.

A sensible dairy policy must accurately project our Nation's milk needs and allow farmers to produce that milk without fear of price cuts.

WE SUPPORT A TWO-TIER PRICING PROGRAM

We support a two-tier pricing program. The key is price. The first tier must be fair and stable, beginning no lower than $16 a hundredweight. The second tier or surplus milk price must be very

low, next to nothing, in order to discourage overproduction and fill Government and low income needs as inexpensively as possible.

Sixteen dollars per hundredweight is not too high. We are being told now that dairy farmers prices may reach record levels this fall—about $15 a hundredweight. That means that dairy farmers will be grossing about the same as they did in 1979–1980. That might be good news if farmers were also paying 1980 property taxes or electric bills; or 1980 prices for feed grains or other costs of production. But they are not. They are operating in a world of 1989 expenses and are being asked to be thankful that they are doing it on a 1979 income.

BOVINE GROWTH HORMONE

We have a word for Bovine growth hormone in Vermont. The word is no. No, farmers don't want BGH. No, consumers do not want BGH. No matter where we look in Vermont, it seems the word on BGH is no. It seems that the only people who speak in favor of BGH in Vermont are paid by Monsanto to do so.

The economic arguments are clear. BGH means thousands of farmers out of business, many of them in Vermont. This is clearly not a part of our rural development strategy in Vermont. One Extension Service study shows the probability of survival of a small, Northeastern dairy farm as low as 2 percent thanks to the commercial use of BGH. A Vermont Extension Specialist recently estimated the average Vermont dairy farmer would lose over $3,000 a year. And that was before the price cuts that BGH will surely bring.

The potential health impacts of BGH are enormous. The more I hear the chemical companies say it is safe, the more I worry. I keep getting mental images of warning labels appearing on milk jugs a couple of years down the road. It certainly would not be the first time the FDA was wrong.

In America, when we are uncertain, we tend to err on the side of corporate profit. This time, we should err on the side of safety. Because the dairy industry as we know it may not get a second chance. And because our children's health and the integrity of our food is more important than the profit margins of a couple of chemical companies.

Vermont is a beautiful place in part because we are not afraid to set limits for ourselves. We know when to say enough is enough. BGH stretches those limits. It is the AK-47 of the dairy industry. It is where we draw the line.

GATT—LACK OF PUBLIC AND FARMER INPUT INTO THE PROCESS

We are frankly astounded at the direction of the current round of negotiations at the General Agreement on Tariffs and Trade (GATT), and the lack of public and farmer input into the process.

The U.S. Trade Representative is pushing the total elimination of dairy import quotas and price support supports. It does not take a genius to see what a disaster that would be for Vermont dairy farmers. Some economists have predicted farm milk prices could drop by 20 percent. What is worse is that this decision is being made by unelected trade representatives, the majority of whom

have close ties to agribusiness, out of public view, in Geneva. As you know, the agreement signed in April commits us to coming up with a timetable for eliminating these programs. I wonder how many farmers agreed to that before the agreement was signed?

The proposal calls for ending all domestic and foreign farm subsidy programs. This probably includes the Milk Market Order System. A regional dairy compact or State price premium, such as the one so generously passed by the Vermont legislature last year would likely also be prohibited under the proposed GATT agreement.

We have already seen how the USDA has used the GATT process to pressure the European Community to not ban BGH.

If you allow this proposal to be carried out you are essentially taking away our ability as citizens, and your committee's ability to design dairy policy in the future. By bargaining away our import quotas, you make effective supply management virtually impossible.

SOME VERY REAL PEOPLE FEELING VERY REAL PAIN

I want to remind you in closing that behind the facts and figures you will hear, beyond the policy debate, and after the PAC money has been counted, there are some very real people feeling very real pain. For some, it is the pain of losing a farm and a livelihood. For some, it is the pain of hunger. Your challenge is to represent those people and put agriculture back on track toward its dual goals of feeding people and supporting family farm agriculture. I hope you have the strength and wisdom to do the right thing.

Thank you very much.

The CHAIRMAN. Our next witness is Nancy Thomas. She and her husband operate a Jersey dairy farm of 40 cows in East Montpelier. In fact, this past year, I would like to note for the panel and others here, the Thomas' herd was listed in the top 10 Jersey herds for their size, for production, protein and butterfat. She also works part-time off-the-farm, in the field of special education. She is the Chair of Cabot Farmers Co-op Young Farmers, and more importantly, she testified here 2 years ago.

So Nancy, we are delighted to have you back.

STATEMENT OF NANCY THOMAS, MEMBER, CABOT FARMERS COOPERATIVE CREAMERY, EAST MONTPELIER, VT

Ms. THOMAS. Thank you for the opportunity to testify again on behalf of the Cabot Farmers Co-op.

PRODUCTION CONTROL IS THE MAJOR ISSUE FOR DAIRY

Production control is the major issue for dairy and you have a variety of control measures to choose from in developing the 1990 farm bill; continued price cuts, whole-herd buyout, a Canadian-style quota system, or two-tiered pricing system, on and on. All are supply management programs. But in order to manage that supply we must first look again at how we measure it and what calculations we use to determine when to institute any form of control.

WHAT CONSTITUTES AN EXCESS OF THE PRODUCT?

Just what constitutes an excess of the product? Look at the language that's used! In grain, it is called "reserves"; strategically necessary, saving for a rainy day. In dairy, it is known as a "surplus," with all the negative connotations. The 1988 drought demonstrated in both areas just how thin the line is between too much and too little.

HOW ARE OUR DAIRY RESERVES CALCULATED?

And how are our dairy reserves calculated? Right now we have a very tight milk market, but given the current method, it looks like there will be yet another cut in the support price on January 1, 1990. The fact that we do have a problem in marketing butter—and I would like to commend the administration for its recent sale of butter to the Soviet Union--that no longer reflects the market as a whole. We must look at milk volume on a total milk solids basis. In the first 9 months of the marketing year, this year through June 1989, the surplus on a butterfat basis is 9 billion pounds, but on a total solids basis the number is 2.9 billion pounds. Market prices, Government purchases and CCC inventories all support the total milk solids basis projections. On the other side of calculating what is known as a surplus is the CCC purchases. But what is included in that? Not just product purchased to stabilize the market, but product for Government use and institutions, the Armed Forces, donations to needy families and school lunch programs. When the Government has to purchase on the open market dairy products for its own use and Government-sponsored programs, it seems clear that we *cannot* continue to label that as a "surplus."

IMPACT THAT GOOD NUTRITION HAS ON SCHOOL CHILDREN

As an educator as well as a farmer, I know the impact that good nutrition has on school children and youth. Recently, school meal programs have had to cut out many dairy products or pay sharply higher prices. This spring, the newspaper Education Week came across my desk with front page headlines, "Dwindling U.S. Dairy Surplus Squeezes Menus and Boosts Costs." A whole page is devoted to the tremendous problems that have developed with the school meal programs: increased prices, fewer students participating, and budgets not balancing. You cannot take from Peter without paying Paul. Here is where good nutrition, good education and our milk pricing system come together.

RECONSIDER HOW YOU VIEW OUR SUPPLY OF MILK

As you develop the new farm bill, please *reconsider* how you view our supply of milk. And remember this is not a rural/farmer versus urban/consumer issue. What is at issue here is that the needs of school children and those less privileged are no less *real* than what the USDA calls "commercial disappearance." Please, in your role with food policy as well as with farm policy, do not forget the nutritional needs of *all* Americans in the formulation of our dairy policy.

Thank you.

The CHAIRMAN. Thank you. I might add to that, I wanted to make those points. I recall the day—and I apologize to the other Senators for taking up this time—when Tom Harkin and I went to the inner city of the District of Columbia. We went to some of the food shelters where surplus food, donated food, and other types of food were passed out by church groups and individual groups, as well as governmental agencies. We were wrestling with this issue. At that time, dairy planning was before the Senate; we were considering the big shortages—milk, cheese.

And I have to think of the time I spent a day in the South Bronx—just going around from place to place and hearing people tell—or hearing a mother tell—how she would look out the window and see lines, and have to determine whether that was a line to buy cocaine, or whether somehow some surplus food had come in (the distributor is right near there). Because if it was surplus food, she was going to try to get somebody to watch her children while she went down to get it. She needed someone because it was a rat-infested apartment.

That is when we increased the money for TEFAP and actually went out and started buying some of the dairy products and other products. Whenever we talk about these farm programs, we talk about these great abundances and the fact that we can feed ourselves and we can feed this Nation very easily. But we do not. There are millions of people who do not get fed. And that goes beyond an economic and political issue. It is truly a moral issue.

Our next witness is Harold Howrigan. And on the way over on the bus, we were talking about the stones in the fields. One evening I was at the Howrigan farm with a number of Harold's brothers and a lot of the family around, talking about ancestors coming over from Ireland and looking at some of the stony fields up there in Franklin County. They had thought they had landed in heaven, compared to what they had left in Ireland.

Mr. Howrigan has managed to grow a lot of crops in and around those rocks. And Harold, it is over to you.

STATEMENT OF HAROLD J. HOWRIGAN, DIRECTOR AND PRESIDENT, ST. ALBANS COOPERATIVE CREAMERY, INC., FAIRFIELD, VT

WELCOME—GREAT OCCASION

Mr. HOWRIGAN. Mr. Secretary, honorable Senators from the Senate Agriculture Committee and the honorable chairman, Patrick Leahy:

I wish to welcome you to Vermont. This is indeed a great occasion for the New England dairy farmers, that we have the opportunity to speak to you on behalf of our fellow members. This is a great honor, but a much greater responsibility.

1990 FARM BILL

What we do today and what you and the U.S. Congress does pertaining to the 1990 farm bill will shape the future of our dairy in-

dustry and of rural Vermont and rural America for many years to come.

TURNING POINT IN THE DAIRY INDUSTRY

We are at a turning point in our dairy industry: gone are the high supplies of excess dairy products that has plagued us. We are now facing an actual shortage of dairy products as witnessed by the fact that CCC has no products except butter for the various congressional programs such as the School Lunch Program, donation to the needy, TEFAP, and many other programs.

THRESHOLD OF NEW ADVANCES IN BIOTECHNOLOGY

We are also on the threshold of new advances in biotechnology, the effects of which we cannot tell. One fact seems abundantly clear that supply and demand is in balance and the prices to our dairy farmers are increasing. The maintenance of this supply and demand balance could be controlled through a supply management program.

USDA IS ESTIMATING A MILK SURPLUS NEXT YEAR

USDA is estimating a milk surplus next year of over 5 billion pounds. This will trigger another 50-cent cut on January 1, 1990. This cut will increase the total cuts from the 1985 farm bill to $1.50. Add the inflation factor to the dairy farmers' cost over the past 5 years and the total cost to him is over $2.50 on the bottom line.

Unless there is action by the Secretary of Agriculture, Mr. Yeutter, or yourselves, the cut will be made. This will spell disaster for dairy farmers in the Northeast. The economy of the State of Vermont depends upon the dairy farmer, the many cheese plants, and the milk and ice cream plants, and many other farm-related businesses that depend directly upon the dairy farmer for their survival, such as the grain business and fertilizer business.

DAIRY FARMS HAVE GONE OUT OF BUSINESS

Here in the Northeast, over 2,000 dairy farms have gone out of business since the 1985 farm bill. Vermont alone has lost over 500 diary farms.

VERMONT IS A MAJOR SUPPLIER FOR THE BOSTON MARKET

The State of Vermont is the major supplier for the Boston market. Each year, the procurement area for milk and dairy products expands farther and farther away from the marketplace at a higher and higher cost to the consumer.

DEALING WITH ADEQUATE MILK SUPPLY FOR NEW ENGLAND

How far out and at what higher cost to the consumer will New England have to go to secure adequate milk supplies? It is up to the dairy farmers and Congress to make sure we don't have to, as I'm certain we can't afford to find out. We do not need a fleet of tankers to bring milk into New England when it would be far better produced here.

CHANGE IN CONSUMER DEMAND FROM HIGHER BUTTERFAT MILK AND DAIRY PRODUCTS TO LOWER BUTTERFAT MILK AND SKIM

The country's dairy farmers are not producing a surplus of milk this year, nor will they produce one next year. The only surplus this year is butter. But don't blame this surplus on the dairy farmer. This surplus was caused by a change in consumer demand from higher butterfat milk and dairy products to lower butterfat milk and skim. In the past 10 years the average butterfat content of fluid milk purchased by the consumer has decreased over three-tenths of 1 percent. This alone accounted for an estimated 200 million pounds of surplus butter in 1989. With low fat cheese, ice cream, and other dairy products increasing in the future the butterfat problem will grow. It will take time for the dairy farmer to change his herd around. The 1990 farm bill should include incentives to make that change.

FIRST TIME IN 5 YEARS MILK PRICES WILL EXCEED THE 1984 MILK PRICES

This fall, for the first time in 5 years, milk prices will exceed the 1984 milk prices. The 1985 farm bill and last year's drought have brought about a severe shortage of milk. July 1989 milk production in the country was down 2 percent from July of last year. The rest of this year will see additional shortages nationwide

SUPPLY MANAGEMENT PROGRAM AS PART OF THE FARM BILL

It is time that we have a supply management program as part of the 1990 farm bill to ensure adequate supplies throughout the country, including the Northeast, while at the same time controlling any excess surplus that will drive prices down and drive more dairy farmers out of business.

FARMERS ARE CONSUMERS

In closing, I wish again to thank you for your time and attention and to stress that the real surplus be carefully scrutinized. Bear in mind that farmers are also consumers, and that we take a cut each year in the price of our milk equal to the inflation factor.

DAIRYING IN VERMONT BRINGS IN OVER $1 MILLION EACH DAY TO OUR INCOME

Dairying in Vermont brings in over $1 million each day to our income. This is outside money that comes into Vermont. It is a constantly renewable source of income that is the backbone of our economy.

Thank you.

The CHAIRMAN. Thank you very much.

I want to open it up to questions, but first I want to thank all five of you for being here. I know a number of you have spent a lot of time with my staff, certainly not only this year but in years past, with all the preparation for this.

I should also note for the record, in thanking people, I want to thank Kerm Smith and everybody else who made it possible for us

to be here in the State capital. Again, I'll tell the other Senators, I grew up literally just a couple hundred yards across the street here, as my mother who is in the audience can attest. I used to run around these halls; I delivered printing to one of the Governors here, Governor Robert T. Stafford. All of us have served with Bob in the Senate.

I was here once when I was about 5 or 6 years old when they actually had a circus in here. I remember it very well because—Mr. Secretary, you will appreciate this—Vermont was showing its traditional Republican roots. I think we only had four Democrats in the whole place. We had an elephant in here, literally an elephant in here, and nobody thought anything was strange about that at that time. [Laughter.]

I yield to Senator Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman.

Let me pose this question to one of you on the panel. The question is a natural one for someone who comes to Vermont and just simply wants to know fundamentally how things work here. The testimony of many of you, and Mr. Howrigan in particular, stressed the incoming money to the State from the dairy industry day by day. His testimony stated that in the event the support price was cut, the effect would be disastrous for the industry and for the economy of the State. Anyone familiar with this State appreciates the importance of the dairy industry and perhaps the validity of that claim.

But, generally, in the world as a whole, supply and demand is equated through the price mechanism, the point searching where value reaches some equilibrium. Is it possible that the interests of Vermont would be in fact best served, if simply the price of milk was determined by supply and demand, in a national or international way rather than a whole set of support prices? Is this State competitive in that sort of an environment as opposed to the way the support structure helps other States or other countries or other competitors?

And if not, are you really setting before us a situation in which the farm policy of the country, the farm bill, is viewed as a principal mechanism by which the economy of the State can keep going over the years? In short, is the support for the total economy acquired through the market established dairy prices or the farm bill? And, if so, that, of course, the answer to that will impact heavily on the maintenance of higher income statewide and the continuity throughout the State.

It may be that the answer is that dairy price does support the State, and that the State does not function well without all of these mechanisms being in place. That would not be an unusual predicament given the status of other agricultural situations in our country. It's a grave problem we're facing.

I'm trying to come to a fundamental grasp of a bedrock idea of why the economy of Vermont would fail if we went to a price-finding mechanism driven by supply and demand. This could easily be accomplished by having the ag bill silent altogether on dairy and allowed Vermont and the United States to simply compete with everybody else in the country or the world on the basis of economic efficiency.

Mr. HOWRIGAN. I made that statement, so I suspect I should respond to it.

I don't think I meant to imply that the State economy would fail totally if dairying was to be exterminated here, but I think that it would be sorely affected. And I think that the support program was instituted as a stabilizer in the dairy industry. And I think that still is very valuable and may well be needed in the future.

We are currently in a supply demand situation, and prices are responding to the market. This is where they should be. But we do not know what will happen down the road, and we've seen it relying on the support price before. Only a few years ago our prices were below the support price, and this would be a disaster if we go down to that level again.

I think to take it one step further with dairy farm income, they use a multiplier of five or seven times to determine its real value to the State. So you have to consider those figures.

Senator LUGAR. Anyone else care to respond?

Mr. BRYANT. I think we in Vermont as dairy farmers compete very well with the rest of the people with the situation we have right now, where we have paid the price and its developed a tight market. What we're asking is that that tight market be maintained or some mechanism put in place to keep the market tight so that we can continue to compete. I think maybe we in the Northeast are threatened by forces different than other areas. Every area has their forces that are impacting on agriculture. But here in the Northeast, we are strongly hit by economic pressures of people wanting to develop here. And when a farmer looks at his farm and says, well, I can make three or four times as much off of my farm by selling it as I can by milking cows, that option is quite often taken.

What we're looking for is the farm program that will enable the farmer to maintain his farm if he so desires. As I say, if we have a program right now that's working. We have a tight supply, and maybe they're not the best prices that we could get, but they're better than we've seen in a decade. I as a dairy farmer feel very encouraged about the price that I get right now.

As I say, if we can just maintain that tightness, I think that Vermont can compete very well with any other portion of the country.

Mr. POLLINA. I would also say briefly that the question of a free market in dairy is just dubious because the dairy market is really fairly tightly controlled. And if you have a couple of large businesses or a small number of large farms, there may, in fact, be a free market for them because they tend to control that market. So I think we have to really begin to understand and think about what we mean by a free market.

I think a fair market is what we want, but a free market may be more dangerous than it seems by its name. And I would also just say that I think dairy as a commodity is important enough, particularly because it's so perishable, that it be allowed to be produced throughout the country. I don't think we want to see dairy production concentrated, whether it's California, Wisconsin or Vermont, for that matter. I think dairy production needs to be dispersed in order to protect dairy supplies.

The CHAIRMAN. Secretary Yeutter.

STATEMENT OF CLAYTON YEUTTER, SECRETARY OF AGRICULTURE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC

Secretary YEUTTER. Do you want me to make a little statement, or did you want me to ask some questions?

The CHAIRMAN. We're going to give you a special time to make a statement, but you can do anything you want. We don't get many Cabinet members up here. They can do whatever they want. I didn't know if you wanted to ask questions.

Secretary YEUTTER. I just want to follow the proper orchestration here.

First of all, Pat, let me just say what a pleasure it is to be here. My first time ever in this beautiful State of Vermont, and I'm delighted that you all invited me and my wife, Jean, to come up and participate today. It's a great opportunity. And I say to you Vermonters, working with Chairman Leahy is a very personal pleasure. He represents you well, indeed.

The CHAIRMAN. He says that because I'm the only chairman who has a similar hairline to the Secretary. [Laughter.]

Secretary YEUTTER. That's right. But he has me beat a little bit.

The CHAIRMAN. Oh, now, wait. [Laughter.]

Secretary YEUTTER. No, I think we're in the same bracket.

I would pose a question to Mr. Harvey about the question of stability and the instability. Sometimes instability works to the advantage of agriculture, and if we insist upon too much stability, that's not always a good thing.

Right now, as you point out in your statement, dairy prices, milk prices are a couple hundred dollars above the Minnesota-Wisconsin level. I assume that brings smiles to the faces of most dairy farmers. That's the consequence of a little bit of instability in the dairy market that has led to higher prices. Had we had a totally stable dairy market, they might be down to the Minnesota-Wisconsin level.

Do you really want stability even when stability works to your disadvantage?

Mr. HARVEY. Well, to your definition of stability, Mr. Secretary, the last few years have been a yo-yo for the dairy industry. Through the efforts of the USDA and this Senate committee and the dairy industry, we've brought the huge surpluses down to a level where it can be argued there really isn't a surplus. And it's allowed the market to start working to bring those prices up. And I think we're at a very stable situation here when the market can work.

If the surpluses are so large that the market is not allowed to work and bring prices up to a point where we can make a living at it, you know, it's very hard for me to argue that that's a stable situation.

Secretary YEUTTER. I'd like to ask one question of everybody here, if I might, Mr. Chairman. That is, I heard a lot of talk this morning about supply management. I haven't heard anybody talk about demand creation or demand generation. Is anybody interested in the demand side?

Ms. THOMAS. As a representative of Cabot Co-op, I would like to say that our co-op has been very progressive in developing new

products, working in developing a light line that responds to the consumer demand for low fat, low cholesterol, that we've worked very hard to not just produce a commodity, but to begin to look at creating demand for new products and fulfill the demand for different kinds of products. We have a changing market. There is less of a need for butterfat. We do need to find ways of creating more low-fat products that respond to the consumer demand. I think a number of co-ops are beginning to do that, and Cabot has been a real leader in that area.

The CHAIRMAN. Anybody else want to respond? If not, I'll turn to Senator Harkin.

Tom, did you have anything?

STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM IOWA

Senator HARKIN. Mr. Chairman, I just want to say again my thanks to you for having us up in Vermont again. This is my second trip here. The first time was about 3 years ago. I just want to tell the people in Vermont that we all owe you a special debt for reelecting Pat Leahy to the Senate, keeping him there long enough to become chairman of the committee.

We both came to the Congress at the same time. I came to the House in 1974 when he went to the Senate. I was in a small group of then young Congressmen who made a determined attack on the seniority system to try to get rid of the seniority system. It's amazing how much I learned in the last 15 years about what a really good system it is. [Laughter.]

Living proof is the fact that Pat Leahy is now chairman of the Senate Ag Committee. He is not only a strong spokesman for Vermont, but as an individual who comes from a town of 150 people I can tell you I still maintain my home there—that he's a strong spokesman for small towns and rural America. We couldn't have had a better spokesman. So he really represents our values very well and forthrightly and in a strong leadership position on the Agriculture Committee.

So, Mr. Chairman, I am just delighted to be back in this great beautiful State. I also have a lot of dairy farmers in Iowa, not as many as Wisconsin and Minnesota, but still quite a few.

Again, I chaired the Livestock, Dairy, and Poultry Subcommittee in the House for 4 years. My ranking member was Jim Jeffords, now our colleague in the Senate. I see a few familiar faces that were there at that time, too.

The one thing that I would just raise with you is that as we go into the 1990 farm bill, I think what has hurt us more than anything in the dairy area, as well as other areas, is each region going after other regions and breaking the system down.

We tried to establish in the beginning a national milk system for the Nation as a whole. Over the last few years I have been concerned that that's been breaking down into regional conflicts. We need a national policy. We need to get all of the dairy farmers in this country together behind some system that doesn't penalize one area over another. And whoever said—I don't know who it was—

we do need milk production in every area of the country. We can't just have it one area. We've got to have it in different areas.

Second, we have to make sure that we have a stable milk supply year round, not a spring flush and winter shortages, but a stable supply all year round. Each one of you have mentioned some form of supply management.

Mr. Pollina mentioned a two-tier system. Mr. Harvey mentioned a total solids equivalent basis. Mr. Howrigan, you mentioned basically a supply management type program without being really specific about it.

Has there been any agreement among all of you up here as to what kind of supply management you might be looking at for the 1990 farm bill, which one of those? What is it that you're looking at? I'll just throw it open for whoever wants to grab that.

Mr. HARVEY. Well, first of all, in my statement, I said that the only way that you're going to get rid of production is to get rid of cows. If you just force farmers out of business, some of those cows are going to find their way to other farms. So a modified, targeted—whatever name you want to put on it—buyout program to just buy up cows, send them to slaughter, send them to export, get them out of the United States will respond quickly.

The U.S. farmer has always been willing to pay their fair share of what it takes to administer programs, and I think the economists have shown that it's a lot cheaper to the U.S. dairy farmers to pay a small assessment, buy up cows, send them to slaughter, than it is to take a price cut across the board.

Right now we're in a fairly good balance between supply and demand. If we can keep it—you know, let it go up, let it go down a little bit, but get rid of the cows when it looks like the production is starting to get out of hand, just get rid of the cows, we can keep the prices up and the supply and demand balanced.

Senator HARKIN. How many of you would be in favor of a Government purchase order based upon total milk solids equivalent rather than butterfat? How many favor it and how many oppose it? How many of you are in favor of that? Raise your hand.

[A show of hands.]

Senator HARKIN. So none of you are opposed to it? You would like to get off the butterfat.

Mr. BRYANT. It is pretty hard when you have several different co-ops represented here to give a consensus, but I think there's a growing—you asked a specific question, you know, where are you leaning to. I think the consensus here is growing that the targeted buyout is more in line with our thinking here than maybe a supply management. But, I don't think there's any solid, real solid basis for that, but I think there's a leaning to that direction.

The other thing I would like to say is that in response you said that every area needs to produce milk, and I wholeheartedly agree with that. But we in the Northeast—and you probably hear this in every section you go to, but I think we have figures to back it up that every farm bill that's been in place has been more harmful to the Northeast than any other region. Since 1985, the number of farms that have gone out of the Northeast has been a greater percentage than it had been in any other area.

I know that regionalization is not really the way to go, but when you look at the farm bill, you have to look at something that isn't going to hurt one area more than it is the next. Maybe that's saying the same thing, but maybe it's putting it in a little different light, too.

Mr. POLLINA. Just to show that there's some diversity, I think that a lot of Vermonters support the idea of a targeted buyout, because they assume that Vermont will not be one of the States or this region will not be a region that is heavily targeted for the buyout. I find a lot of farmers more and more willing to look at two-tier pricing because there's a sense that rather than managing the supply of farmers, we would rather see a management of the supply of milk. And we would like to see a supply management program that doesn't put farmers out of business but allows them to stay in business.

A good two-tier program, in addition to allowing farmers to stay in business, would also allow the Government to purchase commodities for the low-income programs at a much lower cost, if the two-tier program was designed properly.

I also wanted to say that as an organizer and an active member of the National Family Farm Coalition, we have organized a number of regional and national dairy meetings around the country. We've had two in Vermont. We've had them in the Southeast. We've had them in the Midwest. We've had them in California, and we are planning one for Texas in October. And it hasn't always been easy, but we've gotten together with dairy farmers from over 20 States to discuss regional differences and to see if we can hammer out a policy that would appeal to them. There will be a bill introduced, and it will be a two-tier pricing program that provides a recognition that we need to control surpluses regionally, if necessary.

To Secretary Yeutter, I just want to say the demand in New England for milk is very high. We can't fill the demand that we have in New England. What we need is a price that's high enough to allow farmers to stay in business long enough to be able to fill the demand.

The CHAIRMAN. Mr. Howrigan.

Mr. HOWRIGAN. Very briefly, a comment on the supply management. It would seem that a targeted buyout, it's strictly a standby program to begin with, and much easier to implement and administer than two-tier pricing, which has the foundation of quotas and so forth.

The CHAIRMAN. Before I turn to Senator Bond, I might mention that not only did Mrs. Yeutter join us in this, but Mrs. Harkin did, too. When we came up, the haze cleared a little bit, and we could see most of the mountains on the way over. By the time we head back to the airport this afternoon, we'll see the rest of them. Having visited the mountains in Missouri when I was out there with Senator Bond earlier this year, I'm delighted he's here now. Kit, I yield to you.

STATEMENT OF HON. CHRISTOPHER S. "KIT" BOND, A U.S. SENATOR FROM MISSOURI

Senator BOND. Thank you very much, Mr. Chairman.

We were very delighted and pleased to have your distinguished Senator in our State in the northern flatlands where we raise a lot of grain. We do have beautiful mountains down South in the Ozarks, but I wanted to express my appreciation for giving us this opportunity to return once again to Vermont. I enjoyed our last visit here; your hospitality was outstanding. We learned a great deal, and I thank you, Mr. Chairman, also, for coming to Missouri to give our farmers an opportunity to be heard.

One thing we find that does not vary region to region is a willingness of people involved in agriculture to share their views. We find that very helpful, and since my brief service on the Agriculture Committee, I have never been at a loss for input from farmers, whether they be in Vermont, Missouri, or elsewhere.

I might add very briefly that I served with the chairman on the impeachment panel in July. I calculate, Pat, that we spent 140 hours in a jury trial. I told my folks back home that it was a high honor and a great privilege to serve on an impeachment panel, but I was reminded of the statement that Abraham Lincoln made, quoting the man who was tarred and feathered and ridden out of town on a rail. He said if it weren't for the honor of the thing, he'd rather walk. [Laughter.]

And some of our colleagues are sitting on another impeachment panel. But let me turn to the point at hand.

One of the concerns a number of us had—and we have significant dairy production in my State—after the whole-herd buyout was that cowherds would build up again, and to some extent they have. Several of you have mentioned the need for perhaps another targeted buyout program.

For those of you who favor that, would you favor, number one, having it completely financed by the Dairy Program; and, number two, should there be some controls on the number of animals? How do you avoid the incentive to rebuild the herds if a targeted buyout reduces supply initially to give some boost in the price? I throw that open to whoever wants to address that.

Mr. HARVEY. The way I look at it, the targeted buyout, we don't want to pit farmer against farmer, region against region. It should be targeted all the way across the country. If we want to get rid of 1 percent or 2 percent of the dairy cows, just take that percentage across each State all the way across the country. If this can be done on a timely basis, periodically, when production starts to get out of hand, the number of cows that have to be taken out of production won't be as large as it was the first time we tried it. The cost won't be as great either.

I think farmers would be willing to pay 10 cents or whatever it takes to get rid of dairy cows to keep their prices at a level that we're looking at now. With the M-W up $2 from what it was a while ago, or above that M-W price, that's pretty good money compared to paying the 10 cents to get rid of the cows to keep the supply in balance with the demand.

Senator BOND. But my question is, along with that buyout, should there be some—would you recommend some limitation on rebuilding herds? Would you say that any farmer who participates in the program would be constrained to maintain the same number of animals prior to the buyout?

Mr. HARVEY. What do you mean by "who participates"?

Senator BOND. Well, anybody who is covered by the program participates in the marketing order, just pays 10 cents or whatever it is. Anybody who sells under the milk marketing order would be limited to the number of cows.

What I'm asking is: How do you prevent a buildup of the herds if you reduce the herds temporarily to reduce supply?

Mr. HARVEY. I don't think you can artificially determine what size the herd's going to be. I would like to see the marketplace determine what size different farmers are going to have for their herds. We need to get rid of cattle out of the total U.S. area. I think you'll find a very difficult argument, even comparing a 50-cow Vermont farm with a 500-cow farm from some other place in the country. Or even here in Vermont, limiting them to not increasing any more cows, I mean, that 50-cowherd may want to double because a brother came onto the farm. The same argument is true for a 500-cowherd.

Let's let the individual farmer decide whether it's in his best interest or not to produce more milk, less milk, or the same amount of milk.

Senator BOND. But to make that work, then, the marketplace has to be the determiner.

Mr. HARVEY. Right.

Senator BOND. Other comments on that?

Ms. THOMAS. The last time we had a whole-herd buyout, which did effectively reduce the milk volume that was available, it was a whole-herd buyout where a person participating in that signed an agreement not to milk cows for 5 years. And I think that is the kind of thing that will reduce milk supplies quickly and keep the milk supplies down. It doesn't require or allow an individual farmer to cut out 5 cows or 25 cows or 100 cows, and then build it up within a 2-year period because of their heifer supply. It requires them to stay out of the market for a particular period of time. And I think that's what gets milk off the marketplace quickly and would keep it off within that area for a period of time.

Senator BOND. But my question is: After that buyout, what prevents the farmers who have not been bought out from increasing their herds in response to the better prices brought about by the decrease in supply?

Ms. THOMAS. Hopefully, you're in a market situation for a longer period of time, then. I think we always will need some kind of market-stabilizing mechanism. And we think by doing a targeted buyout, we can institute that on an as-needed basis, which right now we don't need it. We don't have enough milk.

I think that's the kind of thing that can be targeted at a small increase above what we think the market needs and not have to happen very often.

Mr. BRYANT. I think what I would say about the buyout was that not only do you take out the milking cows, but if you have an

excess, you take out everything beyond milking cows. And the average farm probably has between one-third and one-half of his herd in replacement animals. So that automatically takes out a good portion of the rebuilding that you're going to see in a hurry. It takes 2 years under management to take a calf and put it in the milking herd. If you wipe out that whole sheet or scenario of cattle, you'll effectively reduce the growth that you're going to have for a period of time. I mean, you're not just taking out 50 cows. You're taking out 50 cows plus 50 more cows over the next 2 years. So, in other words, you're taking out 100 cows when you take out that 50. And I think that's going to control your growth to a certain extent.

The other thing about the buyout is, as Kim said there, we will not—if we implement it when we need it or if we see it coming along, you don't have to take out a large number to keep the supplies tight, and the farmers can pay for that. It will keep the Senate happy because they won't have to put in a figure of x million dollars to support the dairy farmer because the dairy farmers are going to support themselves. They're going to take the bull by the horns and say, "We can handle our problem. Let us do it." And I think that has got to appeal to you as well as it appeals to us.

High prices are good for us and low budgets are good for you. That's what we're looking for.

The CHAIRMAN. Senator Conrad.

STATEMENT OF HON. KENT CONRAD, A U.S. SENATOR FROM NORTH DAKOTA

Senator CONRAD. Thank you, Mr. Chairman.

I was just in the dairy country of Minnesota, and I was in a small-town cafe, and on the wall was a poster that said, "Need wife. Looking for woman who can feed and milk cows. Must have dairy herd." [Laughter.]

"Please send picture—of the cows." [Laughter.]

I'm sensing there's the same values that are here in Vermont.

Well, I haven't been in the Senate long enough to develop the same sympathy for the seniority system that Senator Harkin——

Senator HARKIN. You will. [Laughter.]

The CHAIRMAN. Give it time. Give it time.

Senator CONRAD. Well, when your staff called and told me I have a subcommittee chairmanship, I started to develop an appreciation.

I have developed, though, a value on our chairman, because my State last year was the hardest hit State in the Nation by the drought. We got hit again this year. I just want to say to you that your Senator, our chairman, stuck with us, those of us who have been hit for the second year in a row. If it hadn't been for his willingness to hang tough when there were some who just wanted to take care of the Winter wheat States, my State would have been in real trouble. We very much appreciate what Senator Leahy did to protect the farmers in my area.

I was taken by the statement of Mr. Howrigan when he talked about 2,000 farms being lost in the Northeast since the 1985 farm bill. If you come to my State, you'll find in my State alone literally thousands of farms that have gone out since the 1985 farm bill.

And the tension that I find in the debates in Congress is really the question of a value being placed on a network of family farms out across the land. Is there a value to be attached to them? Because I think all of us know here today that we don't need the number of farms that we have in order to produce the food that is required by our population. We could reduce, as has already occurred in this State—I understand there's been a drop of some 21 percent in the number of dairy farms. That could continue. We could produce milk.

The same is true of my State. My State is losing population. Last year personal income declined. Very frankly, my State is in very serious trouble. The question is: How do we convince our colleagues and others that there is a value to having a network of family farms out across the land?

I would like to ask you, any on the panel here, how you would express that to those that need to be convinced in Washington?

Mr. HOWRIGAN. First of all, Senator, it seems that farmer has a pretty good dowry.

I don't think there's any question how anyone would question the value of the family farm and the rural structure that is interwoven with it. The whole rural tax base is interwoven with the viability of our family farms. It's a way of life. You can go to any industry, and if there's an applicant for a job that has a farm background, it would place him at the top of the list. The sense of values, responsibility, and work ethics learned early in life are quickly recognized.

I don't think there's a tangible figure you can put on that, but I think it's there. And then if you hear and read about the world hunger that we're about to face very shortly down the road, sure, we can feed ourselves, but I think we have a responsibility, social responsibility to those that need it. I think this is where we must be very careful that we don't stop our productivity, so that we cannot respond to these needs in the future.

Mr. POLLINA. I think we understand here in Vermont that agriculture really represents the basis for the rural economy and for our environment. Your committee, in many ways like our organization, is concerned with the rural economy in general. You talk about nutrition programs. You talk about rural development, and you talk about the environment. Well, the value of family farmers are the value of maintaining an environment. And the value of family farmers is the value of maintaining a rural economy. And we have two options here. We can put all the farmers out of business, and then we could spend $1 trillion, like revitalizing the rural economy and cleaning up the mess. Or we can provide dairy farmers with another $1 a hundredweight, and they will maintain the environment, and they will maintain the rural economy, and they will maintain food security.

Somehow, we have to get across to people that we're not just talking about dairy policy here. What we're talking about is food policy, and what we're talking about is environmental policy, and what we're talking about is economic policy. As I said, one sentence in my statement is, "Is it a coincidence that as we lose record numbers of farmers, we also seem to have record numbers of Amer-

icans going hungry and malnourished?" So the value of agriculture is the value of our way of life.

Mr. BRYANT. You asked about family farms, and I think more farmers in Vermont qualify as family farms. Basically, you want to protect the—as I say, we're farmers, and it personally affects us. I think probably one of the biggest arguments for the family farm is productivity.

Now, I know they say that the larger your farm gets, the more efficient you can get, and all these things. Well, I started out young, my wife and I, on our farm. And I'll tell you where productivity comes from. When your wife is out there 12 hours a day helping you, when your children grow, get to be 3, 4, 5 years old, they're out there on feeding tasks, getting hay, they're doing work for you.

Now, maybe this isn't right to some people, but your family is together, and they're doing the work. And you wouldn't survive in your early years, maybe even in your later years, on these farms without this family helping you. This all adds to the productivity that you see in family farms. And I don't care what anybody says. I don't think there's many farmers here, anywhere, that would have survived if they hadn't had the help of their family.

As I say, I think that relates into productivity, and I think that relates into why we need family farms. I think it's one of the few places that you're going to see as large a productivity in any economy in the United States. I think you're going to see it right in dairy farming, or farming. Any farming. I think it's the same. I talk about dairy farming because that's what I know, but I'm sure, knowing how hard I've had to work, I'm sure every farmer in this country has had to work just as hard to get where he is today.

As I say, that's getting a little personal, but you asked why a family farm, and that's why I feel we have to have family farms.

The CHAIRMAN. Senator Daschle—oh, I'm sorry. Kim, you wanted to respond?

Mr. HARVEY. I appreciate the value the family farm label has been put on. I think the family farm certainly contributes to the rural economy and is a vital part of our State, and I'm sure of your State and many others. However, I believe that the market right now is at a point where the family farm can survive here in Vermont. All we're asking is you let the market work for us right now, and don't get rural policy, food policy, intertwined with the dairy policy. We would like dairy policy to work for the dairy farmer so that we can make a decent living from the market.

The CHAIRMAN. Senator Daschle.

STATEMENT OF HON. THOMAS A. DASCHLE, A U.S. SENATOR FROM SOUTH DAKOTA

Senator DASCHLE. Mr. Chairman, I want to share the sentiment expressed so many times already this morning by all of your committee members and the Secretary with regard to our gratitude in having the chance to come back—some of us have come before, and for some of us from South Dakota who have a similar kind of situation as those of you in Vermont, we are from small States, we have one Member of Congress, most of our towns we can put entering

and leaving on the same post, and we get to know each other real well. [Laughter.]

As I have come back each and every time I have come to know some of you and some of Pat's people even better, but I must tell you, there are a lot of motivations for coming, and all I have to do is hear another panel like we have heard this morning, your eloquence and your dedication, your persuasiveness in many of your answers convinces me that we always get our best information by getting out where we belong, out with the people, listening directly, and you certainly added to that exposure and that experience again today.

I also have to express the sentiment of Senator Conrad and others who have commended our chairman. You have not had the difficult time that we have had for the last couple of years with regard to the drought, but I must tell you, were it not for that balding, white-haired chairman sitting in the middle of this dias, we would not have a drought bill and we would not have been able to receive the tremendous assistance that we did.

With Senator Leahy and our ranking member, Senator Lugar, we have had perhaps the most bipartisan and the most cooperative effort that I have seen in any of the committees on which I have served in 12 years in Congress. It is to their credit and certainly to yours, that you would send a Chairman of his caliber and his intellect to lead us on agricultural policy.

The CHAIRMAN. You should mention that Senator Lugar's hair is turning white, too. I want to make sure this bipartisanship is going all the way across. [Laughter.]

Senator DASCHLE. I would only emphasize one other thing I heard this morning before I ask my sole question, and that is, Senator Harkin commented on the importance of unity. It is so easy for us to be diverse in our thinking, as we have seen again on the panel, and diversity is healthy, but confrontation is not.

We are always told that if farmers ever organized a firing squad, they would form in a circle, and I think to a large extent there is a lot of truth to that. [Laughter.]

But it should not have to be, and as we go through this very difficult time in the future, creating new farm policy, it is all the more important that we be unified so that we do not shoot at each other, so that we do not knock each other off in the process of trying to create a policy that works for everyone.

Now, with regard to the question: We have talked about a number of issues, and I would have had some questions on that, but we did not raise the issue of trade at all, and I think it is important, as we end the discussion on dairy, that we consider briefly the trade question.

I would be interested in knowing how you view the impact of imports today; how do you see GATT as we are negotiating today in very delicate negotiations? Perhaps most importantly, from the perspective of dairy, how do you see the role of section 22 of the Agricultural Adjustment Act, compared to what it may have been?

Some have argued that, after 55 years, there is no need for it any longer. I would be interested in your thoughts on that and the relevance of the trade question to dairy in Vermont.

Ms. THOMAS. I think it is clear that U.S. farmers have the ability to be as competitive as anybody else in the world marketplace, on a level playing field, and I think it is clear that at this time it is not a level playing field, that there are different sorts of supply management programs in different parts of the world and they are not the same, and I think Secretary Yeutter would agree that we would not want to universally disarm ourselves and open up our borders to unlimited imports, without a level playing field.

I think what we need is further research into what would the effect be if we eliminated section 22. I do not think that is clear at all yet. I think we need to take some time and, as you say, go slow in our negotiating stance at GATT and find out where it is that we would be going with that.

Mr. HOWRIGAN. I agree as well, that we have to be very careful in how we approach the dismantling of the system. First, we have to be sure that our foreign competition has likewise totally dismantled theirs. We also have some quality criteria here in the United States on dairy products that are not found in some of the foreign countries, and I think, as consumers, people in the United States have a right to anticipate, or expect, that the foreign imports are at least equal in quality to what are produced here.

Mr. POLLINA. My understanding is that the section 22 quotas were originally implemented to maintain food security for the United States and other nations did similar things to maintain food security for themselves, and I think there are some good reasons why food and agriculture has been exempt, to a large degree, from a lot of the GATT negotiations in the past.

We are seriously concerned about the possibility of eliminating section 22 import quotas. We would anticipate a real drop in the price received by Vermont dairy farmers, perhaps one of the most drastic price cuts that they have seen in decades.

I am also concerned about the fact that we worry here and we have said here, we do not want to see dairy production concentrated in, let us say, one region of the country. Well, I do not want to see it concentrated in one region of the world, either. I think it would be rather sad if we began to see our dairy market overtaken by producers from Australia or any other country that can produce and export dairy commodities perhaps cheaper than we can.

I think that what we are looking at in the GATT negotiations, as well, is not just the elimination of the import quotas, but the way the discussion is going, it is the elimination of farm programs, essentially, and I think those farm programs have a very important role to play in maintaining family farmers, and to allow a trade negotiator or trade representatives to sit around a table in Geneva and, with perhaps the stroke of a pen, eliminate those. It is probably going to be without full discussion within the farm community. It is probably going to be the most serious injustice that has been done to farmers since the New Deal.

The CHAIRMAN. Well, Mr. Pollina, you are not suggesting that someone negotiating an agreement in Geneva will write the farm bill, are you?

Mr. POLLINA. I am suggesting——

The CHAIRMAN. We are not changing the Constitution in this, we are talking about legislation.

Mr. POLLINA. I hope that we are not. I think that——

The CHAIRMAN. No, no, it is not a hope, I mean you cannot. Unless there is something that I have missed in all these years there, are you saying that a trade agreement can be written that changes basic U.S. legislation?

Mr. POLLINA. I would argue that that is possible. Obviously, we would need more time to discuss it, but I would argue that that is possible. For instance, if we were to eliminate section 22 import quotas, I would argue that we would have an extremely difficult time ever having effective supply management.

The CHAIRMAN. That is not what you said. You said that the farm programs would be eliminated in Geneva, and I am not sure how one would do that, because we still write a farm bill and the farm bill is written as a farm bill. If any international trade agreement is entered into, the Congress still has to determine whether it is going to change the tax law, for example, in the trade bill. If agreements are initially entered into that require a treaty, it still has to be ratified or has to be consented to by the Senate and then ratified by the President. If a trade agreement is entered into which would require any change in our law, we still have to vote on that. Foreign countries are not going to write our farm bill, our trade bills, or anything else. We still write bills.

Mr. POLLINA. That is why we want to rely on you to take a good hard look at the GATT negotiations that are now going on, because it is quite possible, for instance, as an example, with the elimination of section 22 quotas, there is discussion, and if you listen to—I am sure you have—Carla Hills' testimony, and the best example is before the House Ways and Means Committee, in April, she makes it very clear that what they are talking about is a total elimination of farm programs. Now, that is not to say that this committee would agree to that, but that is the language that she uses.

The CHAIRMAN. No. No, that is not so, because I have read that testimony very carefully. In fact, Ambassador Hills and Secretary Yeutter came before our committee and went into a very lengthy discussion on this issue. Now, unless there is some day that she testified that I am not aware of and not anybody else down there is aware of that you may well be aware of, I do not know of such testimony.

Mr. POLLINA. Well, I would be willing to share that with you, because it seems from what I have read that what is a good possibility is that your hands would be tied if, in fact, the Trade Representative's proposal is accepted by the GATT. I agree that you have the option, obviously, of not accepting that and of maintaining control over farm programs. I am not denying that. What I am saying is that, if you read the proposals closely—and I am not saying that you have not, obviously—but they do talk about eliminating programs and that is the challenge of your committee, is to really go over that with a fine-tooth comb and make sure that that does not happen, and I would be willing to share segments of Carla Hills' testimony, where she basically says that word-for-word, that they are talking about a progressive reduction of all farm subsidies, and in her mind, she says progressive reduction means you reduce to zero. [Applause.]

Secretary YEUTTER. As the former U.S. Trade Representative, who knows full well what these positions are, I just have to tell you, Mr. Pollina, that that is not an accurate representation of Carla Hills' views or my views, and never has been. That is not what she said and that is not what I have said. No one in the U.S. Government has ever suggested the total elimination of farm programs, ever.

Mr. POLLINA. If you remember correctly, the original proposal that was submitted while you were Trade Representative—I do not have it in front of me, but I believe the first sentence actually calls for the total elimination of price support programs, and I would be willing to share that with you.

Secretary YEUTTER. I would be happy to see that. I wrote that——

Mr. POLLINA. I understand that.

Secretary YEUTTER [continuing]. And that is not correct.

Mr. POLLINA. Without belaboring the point, although I think it is probably the most serious question facing the dairy industry, I would say that you are probably then being—if you were being misinterpreted by me, you are also being misinterpreted by farmers around the world, including farmers in the European Community, Japan, and throughout Latin America.

Secretary YEUTTER. That may be, sometimes for their own negotiating reasons, of course. But the fact is we have never suggested that we should not have a safety net in American agriculture for the dairy industry or any other industry. We have never suggested that other nations should not have safety nets. I have just come back from 4 days in Europe, I have made that point over and over again on innumerable occasions.

What we have said, Mr. Pollina, which I believe very strongly, is that we ought to try to negotiate away trade distortions in the world of agricultural commerce, because I believe that that would be very much in the interest of the United States.

Just to cite you one study—the studies vary, of course, depending upon what the assumptions are and what the timeframe is, what the product mix is, and so on, but I can tell you one study which suggests that the world as a whole would gain about $100 billion a year in additional economic benefits through trade liberalization in agriculture, of which the U.S. share could be as much as $30 billion. Now, that is worth going after, in my judgment.

Mr. POLLINA. It is for me, as well, although I have to wonder sometimes who is going to make that $30 billion, whether it is going to be the family farmers or whether it is going to be Cargill.

Secretary YEUTTER. I think it is going to be mostly family farms.

Mr. POLLINA. I think there is a misunderstanding, there is a misinterpretation here, probably makes it very clear that the GATT negotiations need to be brought out in the open and we need to have more public discussion.

The CHAIRMAN. If I could interject here, Mr. Pollina, because I think you have heard each of the four farmers on this panel say that they feel that we can compete, provided we have a level playing field. You should understand that nobody, Republican or Democrat, on this committee is going to agree to anything that requires, in effect, a unilateral disarmament in trade negotiations.

Now, I have had areas where I have agreed and areas where I have disagreed with the administration, but I have never heard anybody in this administration or the three previous administrations I have served with since I have been in the Senate suggest that we should do otherwise, because—if I may finish—they know that the Congress would not accept it. It would not be worth negotiating, and it is not going to happen.

In fact, I have gone with a bipartisan group to the GATT negotiations twice now to make just that statement, backed up by every single member of this committee, so that there is no question among the international GATT negotiators that that is the position of the United States. It just simply would be a useless exercise, it would not go through our committee.

I also take seriously what the farmers in this State have told me over and over again, we will compete with anybody, give us a level playing field. Now, that means something a lot different than what we are seeing worldwide, and I think that is a goal worth seeking.

I do not want to cut anybody off, but at some point here we are going to take a 5-minute break, so that the next panel can get ready. Does anybody want to add anything further, either anybody on the panel or the Senators? We will take time for that.

Senator CONRAD. Mr. Chairman, I just want to say, as one Senator, that I am very concerned about the GATT negotiations and——

[Applause.]

The CHAIRMAN. Could I note—I know Senator Conrad would join me in this—we do not allow applause in the Senate, in hearings, and that is the rule here, otherwise I would be applauding Senator Conrad's statement, as he knows, with the blessings of the committee.

I have gone twice now to those GATT meetings and several times had briefings on them, because of my own concern. Go ahead.

Senator CONRAD. One of the things I wanted to do is alert the audience that I recall very well the meeting we had with Carla Hills, in which you made it abundantly clear, you did not want to be presented for a fait accompli, in which they returned with an agreement that they had negotiated that would adversely affect our ability to write a 1990 farm bill, and I just think the people here should know how clear and direct you were and how many of us around the table shared so acutely your feelings, in the sense that those of us who have been through the United States-Canada Free-Trade Agreement felt that may have adversely affected our States—I certainly feel that way with respect to my State—would not dispute that there is the potential for an overall benefit to the country, but that individual regions may well get hurt. In fact, the studies that have been done by the USDA shows my State gets hurt and gets hurt badly if we eliminate what are described as all trade-distorting subsidies.

So, there is deep concern and I just think everybody here should know, I remember very well Chairman Leahy laying down the law, that he did not want to have our negotiators come back, having bargained our rights away.

Secretary YEUTTER. May I just comment on that for just a second? First of all, I am concerned about the GATT negotiations,

too. I have given 4 years of my life to that exercise, at very great personal and family sacrifices, and I could easily have chosen not to do that.

I happen to think it is one of the most important negotiations in the history of the world, and one that has great potential for American agriculture. I would not be involved if I did not feel that way.

Second, I want everybody to understand that when I became U.S. Trade Representative in 1985, everybody of any consequence in the agricultural community came to me and said please do everything you can to get agriculture on the agenda for the next round of trade negotiations, that we have been ignored for 40 years in the GATT and it is imperative that we get reform of agricultural trade.

I worked mighty hard to get agriculture on the agenda, through about 5 days of essentially no sleep, negotiations in Punta del Este, Uruguay. We got it done for the first time in 40 years. Not only did we get it on the agenda, but we got it on the front burner of the agenda for the first time in 40 years.

It seems to me it is a little late now for the agricultural industry to come along and say, "Oh, gosh, we didn't really mean that, something might go wrong in these negotiations, take it off, put it on the back burner." Well, we can take it off and put it on the back burner. Carla Hills might be pleased to do that, because it would take a thorn out of her side if she did. But I can tell you, I happen to think that would be American agriculture shooting itself in the foot in a very dramatic way. Our friends in the European Community and, in particularly, our other trading partners would be elated if we were to take agriculture off the agenda and let them continue what they have been doing to us over the last 30 years. I hope we are smarter than that. So, that is the first point.

The third point is that I think Ambassador Hills would realize, as I did, as U.S. Trade Representative, that Senator Leahy's position is correct. No trade negotiator who is worth her salt or his salt is going to bring back an agreement that is not in the best interests of this country or is not going to make it through the U.S. Congress.

Now, Senator Conrad is right, it has to be in the overall interests of the United States, and that does not mean that every individual in the United States is going to end up being a winner. In an awful lot of legislation and a lot of international negotiations, we have to do what is in the overall interest.

The other point I would make to Senator Conrad is that I really believe that your State would do fine, Senator Conrad. Those studies that you have cited show injury to North Dakota only assuming that all these programs are eliminated and nothing is put in their place. But they also show that there is enough gain and economic welfare that you could put a safety net in place that not only is as big as the one you have now in North Dakota, but, in fact, larger because of the economic gains that result. So, the fact is that the economic wherewithal will be such that if it is properly structured, it will give American agriculture more, not less, in North Dakota as well as elsewhere.

Senator CONRAD. We will hold you to that. [Laughter.]

The CHAIRMAN. Let me say this: In just a second, we are going to take a 5-minute break, but there are two points I would make. One

is this: this is one of about 65 or 70 hearings at different levels that we will be having on an extraordinarily complex farm bill. This might give some of my friends and neighbors from Vermont an idea of what that means, of what we go through. If you look at what our committee has oversight of, from the Farm Credit System, right straight through to organic farming, it is about $70 to $75 billion worth of programs. We do this every year in oversight. So you can see, sometimes the committee debate goes on literally well into the night.

I would ask just one question, a final one, of the four farmers on this panel. You have to think whether you are going to recommend to your son or daughter to make a lifetime career in farming. How many of the four of you are worried today about making that kind of recommendation?

Mr. HOWRIGAN. I already made it.

The CHAIRMAN. You already made it. OK. Thank you.

We are going to try, I hope, I fervently hope, to take some of the worries away with this farm bill from people who are individual family farmers; I think they are the backbone of agriculture in this country.

We will stand in recess for 5 minutes.

[Short recess.]

The CHAIRMAN. The committee will reconvene.

Our next panel, conservation/environment, we will have David Russell, a diversified dairy farmer from Starksboro, Vermont; Mark Schroeder, a member of the board, Vermont Natural Resources Commission, Belvidere; Enid Wonnacott, administrator, Vermont Chapter, Natural Organic Farmers Association, from Richmond; and Jim Wilkinson, who is a consulting forester, from Barre, Vermont, who is also the Consulting Forester for the Leahy Tree Farm, Middlesex, Vermont—I just thought I would throw that in. I thought that would be a good idea.

Incidentally, because of the strong concern I have had regarding not only food additives, but also the quality of food products we sell here in Vermont, the purity of them all, we had hoped to have an apple farmer or apple producer testify in this hearing. Unfortunately, we do not and the sole reason that we do not, of course, is the Senate schedule. The Senate schedule required us to have this hearing today, because this is the only Monday this month on which we could have assurances there would be no rollcall votes in the Senate. It also, of course, is about the busiest time of the year for apple producers. They are bringing in the crop right now around the State.

A number, however, are going to submit written testimony and, without objection, I will keep the record open for the testimony of those apple producers. I think everybody can well understand why we do not have them. We do not have an agriculture hearing up here during the end of March, Mr. Secretary, because we have the maple crop at that time and everybody is out sugaring. We do not do it around haying season and we do not have apple producers during this time of the year.

Maybe it is an important sign in Vermont of the diversification of agriculture, that we do have a number of different times a year we cannot hold hearings to accommodate everyone.

[The prepared statements referred to appear at the conclusion of the hearing.]

The CHAIRMAN. I have it down here as beginning, left to right, with Mr. Russell.

STATEMENT OF DAVID RUSSELL, DIVERSIFIED DAIRY FARMER, STARKSBORO, VT

Mr. RUSSELL. Mr. Leahy, I was in Washington a year or two ago and I was there and saw it all working, so I understand what you are saying.

The CHAIRMAN. We are glad to have you here, sir.

BACKGROUND—DAIRY FARM, CHRISTMAS TREES, AND POND FOR CHURCH RETREATS

Mr. RUSSELL. Good morning, my name is David Russell. I would like to thank you for coming to Vermont to hear our concerns. My wife and I have a 360-acre dairy farm in Starksboro, which is in Addison County. We also rent an additional 100 acres and have 10 acres of Christmas trees which we sell with a sleigh ride. Also on the farm we have a cabin and a 1-acre pond for church retreats.

CONSERVATION PRACTICES—MANURE POND

I have come to tell you about the conservation practices on my farm and within the State. We have a manure pond which stores the manure from our 100 cows and 60 head of young cattle. This allows us to use the manure when it is best used for corn or grass and when it is the least apt to be a threat to our water supply and the lakes.

WINTER RYE AS A COVER CROP AND NO-TILL SEEDING

We have also used winter rye as a cover crop on our corn to protect the soil during the winter and the spring. Another practice we have used is no-till seeding. We use the no-till in alfalfa, grass, and corn on the areas of the farm that have an excessive slope and, therefore, require those practices.

We use these practices not only to benefit us, but also to prevent water pollution from erosions and the cow manure runoff.

When I first started no-till planting, I asked what percentage of the crop I would have to sacrifice to use these practices. After using it for 7 or 8 years, I feel I can grow an excellent crop with no-till, and therefore it does not cost me in the amount of crop that I do not get.

RIP-RAP WORK

This year, with the help of SCS and ASCS, we are planning to do some rip-rap work. This is to prevent a stream from eroding a 4-foot layer of topsoil from a meadow and depositing it in Lake Champlain.

We feel very fortunate to have ASCS and SCS to help us financially and with technical assistance. The National Reserve Conservation Districts have led a voluntary conservation program for 50 years.

COOPERATORS IN VERMONT

There are 11,000 cooperators in Vermont. I am one of 1,100 cooperators in the Otter Creek District. I think it is very important to have the local control that we do. It allows us to tailor the programs to local needs by people who are close enough to the problems to thoroughly understand them.

I think the present method of voluntary cooperation with ASCS and SCS has been very effective. Of the Vermont farms 99 percent have developed acceptable conservation plans, 75 percent did not have to change their present practices, and 24 percent made the necessary changes. I think this speaks very highly for our willingness to cooperate.

CONSERVATION PLANS DEAL WITH SOIL EROSION

Primarily, these conservation plans deal with soil erosion. We still have about 1,000 farms which have water pollution problems within the Lake Champlain Basin. These problems include waste storage facilities, barnyard runoff and/or milk house waste management. These problems really are problems that in some cases are too big for us to deal with on our own, and we really appreciate the cooperation and financial help with those.

CONSERVATION DISTRICTS ALSO WORK WITH OUR COMMUNITIES

Our conservation districts also work with our communities to help develop rural fire protection, recreational planning and development, and other areas of concern to the community such as gravel pit development.

CONSERVATION SUPPORT STRUCTURE

As you might guess, I am pleased with the present conservation support structure. I would hope you would continue to support the conservation provisions that are in the 1985 farm bill and include similar provisions in the 1990 farm bill.

I hope you will remember that we have a 99 percent record of voluntarily developing conservation plans. We do not need mandated regulations. I think this conservation attitude is largely because we are primarily small family farms and we want to leave the farms in good shape for the next generation. I guess my feeling is that we should milk the cows and not the land.

AGRICULTURE ECONOMY AND THE WATER POLLUTION SITUATION

I think the whole State benefits from a healthy agriculture. There are many Vermont businesses that depend on our agriculture economy. As far as the water pollution situation, if the government and the farmer jointly invest in pollution control measures, everyone who enjoys clean water will benefit.

LABOR SHORTAGE AND DEVELOPMENT PRESSURE

Many Vermont farms are experiencing a labor shortage because of our low unemployment. Our State legislature has been helpful in lessening the burden of local taxes. Many of us are experiencing development pressure. Even if our own farms are not developed, we

have more houses close to our farms, which challenge us to farm effectively and still allow for an enjoyable environment for our neighbors. Some of these problems preoccupy us and interfere with our conservation practices.

EXTENSION SERVICE IS IMPORTANT TO US

I would also like to mention how important the Extension Service is to us. We rely on them for a wide variety of expert advice. We kind of take them for granted over the years, we have had them there and assume they will be there when we call. I would appreciate your support in this area.

INVITATION AND THANKS

I thank you for your time and would like to invite you back in the winter for a sleigh ride and a real Vermont Christmas tree. Just give me a call. I would enjoy getting to know you better.

Thank you.

The CHAIRMAN. I see my wife making a note back here, so do not be surprised to see some of the Leahy family down there doing just that. Dr. Schroeder.

STATEMENT OF MARK SCHROEDER, MEMBER OF THE BOARD, VERMONT NATURAL RESOURCES COUNCIL, BELVIDERE, VT

Mr. SCHROEDER. Senator Leahy, Secretary Yeutter, members of the Agriculture Committee: I am pleased to have this opportunity to present the comments of the Vermont Natural Resources Council on the 1990 farm bill.

POTENTIAL FOR PRODUCTION OF A GREAT VARIETY OF PRODUCTS

Vermont's agriculture, while dominated by dairy, holds lots of potential for production of a great variety of products. It remains family based, with farmers who are concerned about the quality of the environment they live in, and very concerned about maintaining the productivity of the land for future generations.

VERMONT CAN SUPPLY

Vermont can supply a diverse mix of products to the 70 million Americans who live within a day's drive, and these products can be provided without excessive use of chemicals and the diversion or depletion of waters.

ORGANIC FARMING

Specific issues we are interested in are, as follows: organic farming will be discussed by Ms. Wonnacott shortly, but in outline, we believe there should be increased funding for organic farming research and market development, also increased research in integrated pest management.

There should be strict minimum standards at the Federal level to provide uniform quality for organic produce; and, lastly, farmers switching to organic methods may need assistance during the transition period.

GROUND WATER

The second issue we are concerned with is ground water protection. The 1990 farm bill can help provide strong standards for protecting ground water. Although Vermont may have less contaminated ground water than other places, we are high risk, because more than 60 percent of Vermont's population relies on ground water for drinking. We need strong standards that are based on potential human health effects.

QUALITY OF GROUND WATER

We need assistance to the State to help monitor the quality of the ground water. We need a concerted national effort to identify the environmental and human health effects of every agricultural chemical. Pesticides should be thoroughly researched before they are licensed to be used.

EDUCATION IN ENVIRONMENTAL EFFECTS OF CHEMICALS USED IN AGRICULTURE

We believe that farmers and the average citizen need education in environmental effects of chemicals used in agriculture. Source reduction of these chemicals could be significant, with the adoption of pest management practices and also pressure from consumers, demand for pure food.

DAIRY PRODUCTION

Dairy production has been covered by the other panel and other panel members, but we also must emphasize how important a prosperous dairy industry is to the maintenance of current land use patterns in Vermont to the existing rural environment. We would like to see a long-term supply management by the dairy industry, with appropriate commodity supports and productive incentives similar to other commodity groups. We believe that dairy income enhancing measures should be oriented toward smaller farms, rather than toward the concentration of large farms.

BST

With regards to bST, we urge the committee to include a provision to strictly regulate or prevent its use. A general increase in milk production will only lower dairy farm incomes, because of the inelastic nature of the demand for milk. In addition, the use of what is perceived to be an additive to the milk may hurt consumer confidence in the purity of milk and may undermine markets everywhere.

LAND CONSERVATION

In terms of land conservation, although not incredibly significant in Vermont, land conservation measures such as sodbuster and swampbuster in the 1985 farm bill were very important. In New England, rising land prices make the use of land for agriculture increasingly difficult.

In the interest of maintaining a diverse agriculture for national health and safety, the Federal Government should provide assist-

ance to States and localities that want to take long-term steps to protect farmland from conversion to other uses.

I have some other issues, but I will——

The CHAIRMAN. You have done an excellent job of summarizing a much longer statement, but the whole statement, of course, will be made a part of the record.

Mr. SCHROEDER. I am extremely appreciative of this opportunity to discuss these issues with the committee and look forward to the testimony of the other participants.

Thank you.

[The prepared statement of Mr. Schroeder appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you, Mr. Schroeder.

Ms. Wonnacott.

STATEMENT OF ENID WONNACOTT, VERMONT ORGANIC FARMERS CERTIFICATION AGENT, NATURAL ORGANIC FARMERS ASSOCIATION OF VERMONT, VERMONT ADMINISTRATOR, RICHMOND, VT

Ms. WONNACOTT. I am speaking today to represent the Vermont Organic Farmers and Natural Organic Farmers Association of Vermont—a group of farmers for whom I have tremendous respect. I wish they could all speak.

DEALING WITH ORGANIC FARMING

As the certification inspector for the State of Vermont, I visit every farm twice a year. On my first field visit for certification this year, I asked the farmers, "What is the greatest obstacle which exists in promoting the widescale adoption of organic farming in Vermont?" An interesting answer I received was from a farmer who said that the greatest obstacle was in assuming that all organic farmers are similar. Even in a small State, where there are few farmers working together and where they generally all know each other well, it is difficult to come to a consensus in our annual meetings, and the difficulty is compounded when an interstate agreement is the objective. Although there is a healthy disagreement about the possibility of the creation of national certification standards, there is a general agreement on these points:

CERTIFICATION STANDARDS

One, that certification standards be living documents which can continue to evolve. The threat of enacting standards into laws is that the opportunity for change and growth may be restricted.

Two, that certification standards maintain their integrity and do not get watered down to satisfy the least common denominator.

Three, that there is room for regional differences.

Four, that farmer involvement be maintained as the cornerstone of setting certification standards.

INDIVIDUAL CERTIFICATION STANDARDS

The individual certification standards of each State were developed by farmers and their continued evolution is dependent on farmer input. Federal guidelines could be mandated that dictate a

minimum level of compliance which States must attain, but the administration and enforcement of these standards should be the responsibility of State organizations, with substantial farmer involvement. The Federal Government can assist by allocating funds to the State organizations, facilitating reciprocity, and by supporting policies to ensure that States enact a minimum level of regulation. The challenge is for this minimum level to be as strict as the most stringent certification program existing and not to be meaningless in its allowances. If individual States each had standards which other States respected, consumers would benefit by clearing up the present confusion in the marketplace of the difference between "certified organic" versus "local organic" versus "local certified," and the farmers would gain protection from the existing and imminent fraud cases. Protection is needed for both the farmers and the consumers, and this protection can be mandated from above, but must be administered and enforced on a State level.

PROGRAM TO SUPPORT SUSTAINABLE PRODUCTION

A program in each State which supports sustainable production can help create strong regional agriculture, environmentally sound agricultural practices, and can satisfy consumer demand for safe food products. The strength of this movement is being dictated by consumers right now, and as long as the demand exists, the number of certified organic growers will continue to increase. The number of certified Vermont Organic Farmers has tripled in the last 2 years, and application requests have increased five-fold in the last year alone. Phone calls from conventional dairy farmers seeking to diversify and turkey growers looking for organic feed are no longer the exception. The recent findings and conclusions by the National Research Council on Alternative Agriculture confirm that sustainable agriculture is no longer fringe agriculture. The growth of the movement in Vermont is evidence that more and more farmers are looking at sustainable agriculture as a viable alternative. Joey Scanlon of Newfane said, "It is not something wierd any more, other farmers realize that it might actually save their farm."

USE THE SUCCESSFUL EXAMPLES OF EXISTING ORGANIC FARMS TO HELP FARMERS WHO ARE SEEKING ALTERNATIVES

The challenge for us all is not to make organic agriculture an exclusive practice which sits at the far extreme of the sustainable agriculture continuum, but to use the successful examples of existing organic farms to help farmers who are seeking alternatives. If our priority is to preserve the working farm in Vermont—the only possible way to do that is to preserve the quality of the agricultural resource. Once the resource is degraded, by destructive agricultural practices or irreversible development, it cannot be reclaimed.

ESTABLISHMENT OF A TRANSITION PROGRAM TO HELP FARMERS

A major priority at this point is the establishment of a transition program to help farmers who are interested in making a transition to more sustainable agriculture and the LISA program has been a good first step for this.

A transition program could include subsidies to take the financial risk out of making a conversion, tax breaks on capital expenditures such as cultivation equipment, extension information from a sustainable agriculture extension specialist and technical data on different cropping rotations. The major obstacles that exist in Vermont for organic livestock growers, for example, are where to find sources of organic grain and alternative herd-health information. If there were a transition agriculture program in place, these farmers could be helped, both technically and financially, to move toward a more sustainable agriculture.

On behalf of the organic farmers of Vermont, I endorse the sustainable agriculture provisions of the 1990 farm bill, in hopes that economics and stewardship will no longer be mutually exclusive, and so that, in the future, farmers will be rewarded for their conservation practices, not penalized.

Thank you.

The CHAIRMAN. Thank you, Ms. Wonnacott.

The last witness, before we go to questions, is Jim Wilkinson, a forester.

Jim, it is good to have you here.

STATEMENT OF JAMES E. WILKINSON, JR., NATURAL RESOURCE CONSULTANT, BARRE, VT

Mr. WILKINSON. Thank you, Mr. Chairman, Mr. Secretary.

ROLE FOR FORESTRY IN THE 1990 FARM BILL

I appreciate the opportunity to share my personal comments with the committee. The question to be considered is: on whether or not there is, or should be, a role for forestry in the 1990 farm bill? My response is "yes, there is such a role."

That role, in my opinion, should be the enunciation of a national policy on the small, nonindustrial, private forest lands of the Nation.

LANDS THAT NEED NOT BE ADDRESSED BY THE FARM BILL

Federal forest lands—whether the National forests, national parks, BLM lands, Indian lands, or whatever, are governed by statutes that the Congress have established and every year the Congress goes through that process of reviewing the status of Federal lands, through the budgetary process and the appropriations process, so these lands need not be addressed by the farm bill.

Industrial forest land management is not guided by any specific national policy, and may not be needed. However, the forest based industry does have resources to use in influencing Federal policy, programs and legislation affecting it. This is particularly the case with respect to taxation and other business related issues, but this class of forest lands need not be a feature in the 1990 farm bill, either.

NONINDUSTRIAL FOREST LANDOWNER DOES DESERVE ATTENTION

The small, nonindustrial forest landowner *does* deserve attention, does warrant an articulated, broad policy statement recognizing the public as well as the private values of this important seg-

ment of the Nation's forest resources. It has no representation, no public forum, no identified national vision for the future.

This class of ownership—which includes farmers (and farmers own 30 percent of all the forest land in this particular class), includes blue collar and white collar workers, retired people, professionals, and even politicians, as Senator Leahy has commented this morning. They number about 4 million and they own about 60 percent of all the commercial forest land in the country—depending on whose statistics you happen to be using at the moment. Their acreage varies from 10 to 5,000 acres, this particular class that I am referring to. Much diverse attention has been given to these owners in the past, with variable levels of success in reaching and motivating them. However, the issue still persists and the opportunities still exist. Past programs devised for these owners were based on emphasizing timber production to meet future *national* goals. That was not bad! It is still not bad! But it is not enough, in my opinion! For many owners, it is not an acceptable or an identified objective; or it may not be feasible or desirable. For those few owners who have thought it through—and I believe very few of them have thought it through—timber production may have a low priority.

But 4 million owners of 60 percent of the Nation's forest should not be ignored. They share too many benefits with the public, and there are opportunities for enhancing private and public gains from these small woodlots.

BENEFITS

I have listed all of these benefits in my testimony here, and one of them I want to start right off with—and I will not go through all of them—is the effect of global warming, which has received international concern and is even featured in the headline story in the Burlington Free Press this morning, an issue which the good Senator from Vermont is going to present legislation to the Congress to address. But let me say that small forest landowners who have healthy forests can contribute to the amelioration of this particular problem.

MAJOR ISSUES FACING SMALL WOODLAND OWNERS

I also list some of the major issues facing these small, private woodland owners, and the major issue, in my view, is that they need to have advice and guidance in developing forest management plans to meet their objectives for their ownerships.

Another one is taxation, taxation of all sorts, which does not consider the long-term dimension of the investments needed, the risks involved, and the public amenity values provided, can be serious deterrents to the owners of this particular class of ownership.

WHAT IS NEEDED TO MAXIMIZE THE PUBLIC AND PRIVATE BENEFITS?

Well, I say a national policy to encourage and support a stewardship ethic recognizing forest land to be not just another commodity, but a natural living resource for conserving and using in the long range, best interest of both the owner and the public.

I go on in more detail on that, but let me end by saying that a national forest policy which articulates the understanding that shortsighted, inappropriate and drastic changes or alterations in the use of forest lands can and does have a negative impact on one's neighbors and on the community.

COMMUNITY VALUES AND RURAL AMERICA

I have been impressed by the testimony given by the panel and the committee's comments earlier about community values, and rural America needs to have these values addressed and articulated and I think this committee would be the appropriate body to start that going, and the farm bill may be a place for it.

I am reminded of the familiar verses of John Donne's poem, "No Man is an Island." With apologies to Donne and with your permission, I paraphrase those verses in my prepared statement, but I will not quote them to you now.

Let me finally say, Mr. Chairman, I recommend that this committee exercise its authority and prerogative to initiate a National forest policy for the small, nonindustrial forest lands of this Nation. The 1990 farm bill could be a unique opportunity and the appropriate legislative vehicle for such action.

Thank you.

[The prepared statement of Mr. Wilkinson appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you.

I might say, Jim, that your whole statement will be in the record, including—and I have already read it—John Donne's (interpreted by Jim Wilkinson) "No Man is an Island."

I always worry at these hearings about those who read the tea leaves of which way the committee might go. If I single out one particular part of someone's testimony or mention one particular part, they conclude that this is the way I am going to go or that is the way I am going to go.

I think if you look at this panel, you'll see the diversity of issues that are before the committee. Now, it is very easy when we have a hearing just on dairy, corn, wheat, cotton, or sugar, an individual commodity for everybody to focus just on that. If we talk about soybeans, we know who is going to show up at the committee, we know which part of the trade press will follow the next day. If it is wheat, the same thing is true.

But all of these things are so interrelated and I was so pleased to hear, in talking about LISA (for those not familiar with that, LISA is low-input sustainable agriculture) that last week, the National Academy of Sciences released a report. It is a very interesting report, I urge people in Vermont to read it. It demonstrates to farmers who want to practice sustainable agriculture, whether those practices actually work. I am going to encourage in the 1990 farm bill—again, for those who read this, I want to be very specific about this—I am going to encourage more effort for sustainable agriculture. I want to be able to try to make agriculture not only work, but to work effectively and profitably, while at the same time cutting down or eliminating entirely pesticides and other chemicals. I think that is possible.

I would also, though, add that we have to do a lot. By we, I mean those from an agricultural State or anywhere else; we need to be involved in all the marketing efforts that go with that. I think we can demonstrate how best to raise it. I think there is a very real market there.

Ms. Wonnacott, you mentioned some of the problems there and what you do; how you get the word out; about how you keep standards. We have to do the same thing.

Mr. Russell, you have talked about all of the various environmental and conservation efforts that we undertake and do undertake, largely voluntarily here. I think of the 1985 farm bill; 75 percent of the people in Vermont were automatically or almost immediately in compliance. I think there was only about 1 percent that actually had a very difficult time coming into compliance, and the others were able to work it out. I think this does reflect our concern.

At a hearing on global warming held a few weeks ago in Utah, a Native American said that we do not inherit the land and the environment from our ancestors. Instead, we borrow it from the next generation; these kinds of conservation practices demonstrate that we are merely borrowing it.

Mr. Wilkinson, I must admit that you have also helped raise some of my own consciousness in the area of forestry. We have to approach that, not only in this country but worldwide, if we are going to look at the question of global warming. It is not the sole answer, by any means. The mistake that could be made on any of these issues—food safety, global warming, ground water degradation—is if we look for the one single answer. Then we make a very big mistake. In most instances, the solution is a composite of answers. While some are impossible at the moment, for whatever reason, economics or politics, it does not mean that we should not at least make sure we do those things that are possible and incrementally get there. Sometimes I get as frustrated as everybody else at the slowness of that pace, but I think that realization around this country is growing. If we keep pushing the same issues that the four of you have, we will get somewhere.

That is not in the way of a speech, and I apologize for taking the time. I do not have questions, but I will yield to any member of the committee who does.

Senator LUGAR. Mr. Chairman, I do have a question for Mr. Wilkinson.

I know that President Bush has tremendous enthusiasm for the whole idea of tree planting. We were discussing this issue coming up here this morning on the plane, as to how trees might become a larger part of the Conservation Reserve portion of the farm bill. It is a part of our Conservation Reserve now, although it has not been utilized nearly as much as other uses of the CR lands.

I am intrigued from my own experience. I have just planted 10 acres on my own farm in Marion County, Indiana, in walnuts, oaks and intervening rows of pine trees. I have worked with a forester at Purdue to see how that might work out.

What I am not convinced of, and I have yet to hear a good formula and perhaps you may want to furnish this for the record after reflection, are the tax incentives or the other economic incen-

tives that would lead an ordinary farmer to make that kind of a decision? You and I might want to try it out for size, just because of our enthusiasm for forestry, and to see how it works.

But in terms of a national program of the dimensions that you mentioned, how are we going to affect the economics of tree planting to the point that farmers will plant walnuts, which have an 80-year cycle. Eighty years is four generations, a long span in the life of a farm. In terms of farm ownership and all the surrounding economic facts, and for a variety of other reasons, not many of those trees are getting planted in my State. Not nearly enough, we are told, to meet even the parochial needs of industry in our State currently.

So, every year, we keep moving around the problem that there ought to be a national policy with regard to timber. This policy ought to be economically viable, and taxes are a key part of this, although patriotism and stewardship and other motivations may be of even greater concern. Do you have any ideas for us, for use in the farm bill of 1990, as to the proper sorts of incentives we might use to shape this issue?

Mr. WILKINSON. Well, I do not have a specific suggestion focused right on that particular problem, but I would like to point out, Senator, that tree planting has been a long and historical tradition in this country, starting in the early decades of this century, and I suppose there were questions then raised, is it economically feasible to do this. I do not know whether it was then or not, but I think that in many cases it has turned out to be economically feasible for the landowners who went through that exercise and made that investment.

Certainly, there have been public benefits resulting from that. Certainly, the national government has been a strong supporter of this. For decades, there were tree planting programs in all States. For many years, the CCC planted trees on public lands in the thirties, the shelterbelt program in the Midwest, another 1930's project which I think, even though I do not come from there, I think it was extremely important, and whether there are direct economic benefits from that or not, I am sure there were environmental benefits which probably have economic aspects to it, too.

Since then, in the early 1960's, around 1960, was the Soil Bank Program, another Federal tree planting program. Right now, some of the trees that were planted on Senator Leahy's land in the Soil Bank Program around 1959 or 1960 are beginning to reach the stage where they are beginning to have economic value.

Now you have your Conservation Reserve Program. I am not familiar with that in detail. I do know that it is not applicable here in Vermont, because most of the suitable land in Vermont has been planted up and rarely is there a need for it. But nationwide, I think the studies have proven that there is a great need of continued emphasis on tree planting. Whether the Conservation Reserve Program is the vehicle or not, I am not one to say, but I certainly would be supportive of tree planting.

Also, I think it is important to point out that you need to follow up on the tree planting so that they are productive and turn out to be healthy forests, so that you can get these amenity benefits as well as any commodity benefits.

Senator LUGAR. Thank you.

The CHAIRMAN. Mr. Secretary.

Secretary YEUTTER. Mr. Wilkinson and Senator Lugar, if I can just follow on that for a minute, we have been doing some work on this within the administration, because we think it is extremely important, as Senator Lugar indicated. Senator Leahy and I were just commenting about the need to get trees planted in urban areas as well as in rural areas, and that is one of your points as well.

We have talked about that, too, in terms of any tree planting programs we might have. It is important to do a lot more in the rural areas, too, through the Conservation Reserve, if we can, as Senator Lugar suggests. But in the urban areas, we get a lot more bang for the buck in terms of environmental protection.

Our greatest air quality problems are in the urban areas of the country, by far, and if we can get additional tree planting occurring in those areas, we will get a lot of benefit on the environmental side. We are trying to think of some creative ways to do that. In fact, I have already enlisted my wife to get involved in that process on an unpaid basis, and we are trying to design some programs for her to do things.

Mr. WILKINSON. Well, I would certainly support urban forestry planting programs, and the really international program which the American Forestry Association and other organizations are promoting. Certainly it is another aspect of tree planting, not so much for economic commodity benefits as for the environmental amenity benefits which you receive. I think they are very important and need emphasis.

The CHAIRMAN. You had referred to the article. One of the things I want to do on the Agriculture Committee, is to get some of our domestic forestry programs expanded, both in the urban and rural areas. Also, as chairman of the Subcommittee on Foreign Operations of the Appropriations Committee, I want to redirect some of our foreign aid dollars and other efforts for reforestation in a lot of other parts of the world. We have an obvious problem here in the United States, but it is a global problem and, unfortunately, a very rapidly accelerating global problem; we are going to have to address it as such.

Does anybody else have a question? Senator Daschle, Senator Bond.

Senator DASCHLE. Mr. Chairman, I will be very brief, but I might make a plug for something I am thinking about doing and have not yet put it to a proposal per se, but I am thinking about offering it as an amendment to the new farm bill.

Our witnesses have indicated their general support for sodbuster/swampbuster. In talking to people out in South Dakota, I have been increasingly concerned with some of my farmers who are pulling up their shelterbelts to plant more crops, and so I am thinking about a beltbuster, for lack of a better term right now, where we were denied benefits on that land which is planted as a crop after a farmer has torn up the shelterbelt. It is something I want to think about a little bit more, but as I think about it, I would like to throw it out to see what comments you might have and whether that makes sense or not. You might even come up with a better

term than beltbuster, but I am just interested in the concept and I would be interested in your thoughts.

Mr. SCHROEDER. I commend your idea. I think that is excellent. I think anything that can prevent soil loss is very important. I know destroying shelterbelts has increased rates of soil loss out West, because of winds and so on. As I say, this is not a Vermont problem, but I commend you for thinking about it.

Senator DASCHLE. Thank you.

The CHAIRMAN. You see, by asking this question, I know what he intends to do on the way back to Washington this afternoon; he is going to start lobbying me. He will not lobby me on whether it is the best word on the program. That makes sense. I have been around some of those areas and I have seen the damage that has occurred.

Senator Bond.

Senator BOND. Thank you, Mr. Chairman. We are obviously all very much interested in the conservation areas. Senator Conrad and I have particular interest in the conservation title, and one of the things that has been of real concern—and we discussed it this morning on the plane—was the failure of the CRP to achieve some of our tree planting goals.

Recently, in a very well read agricultural publication in my home State of Missouri, there was an article which said that only old men have time enough to plant trees, the point being that only people who have been around a little bit and who understand the long-term benefits understand the need to plant trees, and I will have to admit that recently I have had a significant birthday and I am thinking of joining our chairman and distinguished ranking member in planting trees, and I told our 8-year-old son that we were going to try to get a little bit of land to plant in walnuts, so to help send his grandchildren through college. Just last week, he asked when we were going to get started on the hardwood, so he is rather impatient about it.

Let me ask about some of the programs. What kind of benefits or programs do you have in Vermont to encourage tree planting? We have cropland tax relief in Missouri. We have previously adopted some State cost share for conservation practices. Some of these things are add-on and are complimentary to the Federal programs. What kinds of benefits or incentives do you have for conservation practices provided at the State or local level?

Mr. WILKINSON. Well, as I stated earlier, in response to Senator Lugar's question, tree planting in Vermont is pretty much on a low level, compared to what it was a couple of decades ago. Most of the open land suitable and desirable for tree planting has been planted. A lot of tree planting now is primarily for Christmas trees, like Mr. Russell's land, so there are obviously economic commodity benefits from tree planting for Christmas trees.

Other programs in the State, though, and one that I would like to mention has not just to do with tree planting, but the whole field of forest land management and farm management, is Vermont's current use of assessment law, whereby landowners who keep their farmland and their forest land in productive use receive incentives by having their land assessed and taxed based on their use value, rather than on their market value. That has been a sig-

nificant program and successful, in my view, for both farmland owners and forest land owners.

I would say that over one-half of the eligible farmland is now in that program and one-third of all the eligible forest land is now in that program, and not only are the individuals benefiting from a tax incentive by having their land taxed at use value, but the public is benefiting from the improved management of those lands, keeping them productive, and also discouraging having this land being sold off or subdivided for development.

One of the factors which I do mention in my paper is one of the biggest problems for small woodland owners and farmland owners, is the impact of development and the threat that development has on keeping those lands open and productive. The price of land today, in my opinion, is outrageous, especially if you do not have any land to sell. If you have some to sell, maybe it is not so outrageous.

But I just learned last week of a farm outside Quincy, Massachusetts, which was appraised for inheritance purposes at $100,000 an acre. Well, it has not reached that in Vermont yet, but, you know, no one is going to be able to keep land productive for farming or for forestry at those land values.

Senator BOND. Do you have a recapture provision if the land is sold for development, where the taxes delayed have to be repaid?

Mr. WILKINSON. Yes, we have a provision in Vermont law taking care of that.

Senator BOND. Did you have any comments, Mr. Schroeder?

Mr. SCHROEDER. I would just like to say that in 1962 I gave up my small dairy and I have 200 acres in this current use land taxation program which finally encouraged me to do some active forest management on my 200 acres and do the job that I should have been doing all along. I think it has been very important, the tax incentives, to the management of small woodlots.

Senator BOND. Thank you.

The CHAIRMAN. I am almost afraid to ask this question. Kit, I recall you being the youngest Governor in the United States, as I recall, when you were Governor of Missouri. What was the significant birth date? How old were you?

Senator BOND. Gee, I kind of lost track. As you get over the second thing, you lose your memory, and I forgot what my birth date was. [Laughter.]

The CHAIRMAN. Mr. Russell, Mr. Schroeder, Ms. Wonnacott, Mr. Wilkinson, thank you very much for being here.

First, just to summarize, these hearings are extremely important and we have had them around the country. I pledged, when I became chairman of this committee, that I would do something that had not been done before. That is, as chairman, to go out with the committee around the country. We have met in numerous States all over the country, stayed in farmers' homes and so forth. I have found it to be extremely important to me and I think to the other Senators. We have heard a lot, not only in the meetings, but also in the discussions afterward, so we will be doing that also at lunch today.

What I would like to do is yield to the Secretary for any comments he might want to make, and then open it up to comments

from the audience. When we do that I should ask only one thing, please give your name and address clearly, because your comments will actually be part of the full Senate record.

The four of you, I thank you very much for your time.

Mr. Secretary.

Secretary YEUTTER. OK. Thank you, Mr. Chairman. I will try to do this quickly, because I know you would like to allow ample time for questions and comments from the audience.

First of all, I just want everybody here to know that within the administration we have been putting in a lot of work on the 1990 farm bill already, too, more perhaps than the Department has or any administration has in a long period of time. We are going to have a lot of people who are going to put in a good many hours between now and the end of the year, as we attempt to develop our own positions and try to generate some consensus on a number of the critical issues of the future.

I am trying to get our folks to think beyond just 1990 and the next 5 years. We really need to think about how we want to structure our legislative package for the remainder of this century and really how it should all unfold as we move into the next century. We cannot think just 5 years ahead, we need to think further ahead than that.

We are obtaining input from people out in the agricultural sector of this country, just as Chairman Leahy and Chairman de la Garza and others are, and I hope when that is all through we will be able to generate a consensus in legislation next year. We intend to do that in a spirit of cooperation with the Congress and, hopefully, on a bipartisan basis, Mr. Chairman, because I happen to think that is the way it ought to be done.

Now, with respect to some of the specific issues that came up this morning, I am pleased, Mr. Chairman, we had the discussion of forestation and reforestation, because, in my judgment, that is one of the most important issues we will deal with in the 1990 farm bill and one of the most important public policy issues we have in the natural resources area today.

As you said, Mr. Chairman, it is not just a U.S. issue, it is an international issue as well. I have just come back from 5 days in Europe, with almost no sleep, so if I am a bit groggy from jet lag today, that is why.

One of the subjects on my agenda over the last 5 days was forestation. I discussed that several places in Europe, because those folks need to plant trees even more than we do. They have air quality problems that go beyond ours. As a matter of fact, there is some potential benefits in agricultural policy, including dairy policy, if that happens. If the Europeans pull some land out of production, it ought to be pulled out of production and put into trees and that eases the pressure in terms of competition in the dairy industry and a lot of other areas. So, I am encouraging them to move environmentally to do some of the things that Mr. Wilkinson was talking about this morning, and I hope they will do so.

We need to do some here, though, too, as Senator Lugar suggests, and I hope we can pull that into next year's farm legislation, because the fact is, as all the Senators here know, our existing Conservation Reserve Program has not pulled many acres into forest-

ry. We now have over 30 million acres out of production in the Conservation Reserve, but most of that is in grass and not very much of it went into trees. With the potential global warming problem, more of that needs to go into trees, somehow. As most of you probably know, trees are our greatest potential source of reduction of carbon in the air.

With respect to low-input sustainable agriculture or whatever it is called, there is no doubt that it would be desirable that we try to reduce the intensity of usage of products that cause or could cause environmental degradation. Everybody would be interested in that.

I was one of the first farmers in this country to use minimum tillage on my farm in Nebraska, way back, more years ago than I want to remember, and I have been a long-time advocate of these kinds of practices, and certainly we are going to give a strong shot in the arm to the research efforts in this area, and it appears to me that there is broad support for that nationally and internationally, because there is interest in this and other topics as well.

How far and how fast we can go remains to be seen. We have to learn as we proceed, because farmers want to survive economically and they are not going to reduce the use of these products unless they feel that they can do so and sustain their income levels. That is really the question involved. This is not only an environmental issue, but it is an economic issue as well for all of them.

But one of the discussions I had in Europe again this last week was on this very important, and some of the governments in Europe are now beginning to put incentives into some of their programs to reduce the intensity of usage of these kinds of products on land.

A third point was biotechnology. There was mention this morning of bST. That seems to be the focus of discussion at the moment, but in my judgment this goes further than just the question of bST. I would like to make a comment on that, because I believe it is an extremely important issue.

First of all, Mr. Chairman, in my judgment, biotechnology research is one of the most important developments that has come along in this world in recent decades. The potential for benefit to mankind of biotechnology research is just mind-boggling. None of us knows today what may be realized from biotechnology research, but it is going to be spectacular if we can avoid the temptation to torpedo it out of fear and certainly out of intimidation. We have to deal with this as a scientific issue and not as an issue of public hysteria.

Whether the product that emerges from biotechnology research be bST or anything else, we should let the scientific studies run their course and then we ought to either approve or disapprove the product, based upon those scientific studies, and we should do it in no other way. If we begin to depart from that in public policy decisionmaking, we are lost—we are lost. Should we decide whether or not a product of potential benefit to mankind comes into the marketplace on the basis of political considerations or economic considerations, in my judgment, if we make that decision we will have set an awful precedent for the handling of research results in this country and the world.

Let me give a specific example relating to bST, because one of the gentlemen this morning said that we ought not approve bST, because of its potential economic consequences to dairy producers. I am not sure that the potential economic consequences are what is perceived here, but that certainly is not an argument for disapproving the product. That does not have anything to do with the health of dairy cows or with the health of the consuming public. That is an economic argument.

If bST is approved, because of it being fully safe for use for animals or humans and that does generate dairy surpluses, then the Senate Agriculture Committee, the House Agriculture Committee and the Secretary of Agriculture are going to have to face that issue of that economic challenge, and it may be a major challenge indeed, but we will face it.

To suggest that bST, or any other similar product ought to be disapproved for that reason, to me, makes no sense at all. Would the gentleman have made that same comment about hybrid corn 30 or 40 years ago? Would he have made the same comment about the green revolution of rice? How many millions of people would be starving in the world today if we had not had the green revolution in rice? What kind of a cattle industry would we have in the United States today had we not had hybrid corn? Had we had that rule in effect during the 200-year history of this country, how many of us would be here today? Most of us probably would not, because our ancestors would not have been able to feed our parents or our grandparents. We cannot go down that public policymaking road, it just does not make any sense, so we ought to handle biotechnology in the right way.

Finally, on dairy policy, we will obviously have a lot more debate on this subject between now and when we finalize the farm bill. That is always a difficult issue, because there are immense tradeoffs, tradeoffs between producers and consumers, tradeoffs between different portions of the country, tradeoffs between this and other countries.

We will just have to try to formulate a sensible dairy policy before we are all through, and I can tell you that we have not come to any definitive conclusion within the administration as to how we believe we should handle that. We are approaching it with an open mind and we will listen to folks from Vermont or anywhere else in the country as we go through this process.

I do want to say a word, though, about the global dimensions of this. There seem to be some concern and trepidation about the GATT round or the international aspects of dairy policy this morning. I do not think there ought to be. There ought to be concern, but not trepidation, because you are going to have ample opportunity to have some input into this process. But the fact is no agricultural industry can avoid the international implications of its actions. There is no way we can segregate or separate American dairy policy from what is happening elsewhere in the world. Those days are long gone. We all live on this Earth together, and you should not underestimate the possibilities for demand expansion in dairy.

That is one reason I asked the question this morning, because most of the emphasis today was on supply management. But one of

the things we are going to have to decide in the next 1, 2, 3, 5, 10 years is whether we can have an internationally competitive dairy industry. My judgment is that we can, that, with a level playing field, the American dairy industry is going to do OK, and if so, we have the potential to do some exporting and that means the demand situation and the question of supply management changes rather dramatically from what has occurred traditionally over the last 30 years.

Now, maybe we will come to the conclusion that we cannot compete, and if we cannot compete, then that calls for a different set of policies in the 1990 farm bill and subsequent farm bills, a different set of policies internationally. But you know, let us do that on an objective basis, let us make that determination not, again, on the basis of emotion, but on the basis of economic background.

I would just close, Mr. Chairman, by sharing a comment that was made to me by a Congressman from one of the Midwestern States on dairy policy, because I am a bit curious as to whether this same kind of a dichotomy exists here in Vermont. He said in my State we have a lot of differences of opinion on dairy policy within the dairy industry. He said, in fact, it is really a generational conflict. He said if I talk to dairy farmers who are 50 or 55 or above, they all want to talk about supply management. He said when I talk to dairy farmers who are 50 or 55 and below, they want to conquer the world, they want to compete. He said we have a big difference of viewpoint among our younger dairy farmers than our older dairy farmers.

So, maybe some of this is generational, maybe those younger guys just have not learned how tough the real world is, but, on the other hand, maybe they also perceive fact that, given an opportunity, they might be able to competitively whip their competition in most other countries in the world, if not all other countries in the world.

The CHAIRMAN. Thank you. Thank you, Mr. Secretary.

As the Secretary indicates, there is a great deal of room for debate in the upcoming time, but now we are going to do the one thing that we are able to do only in these hearings. When we go around the country, we are able to work out a way of having an open microphone. We have never figured out how to do it in Washington.

I would ask everybody to give your name and address clearly, so we can have it for the transcript. Try to keep your comments short. Remember, it will be part of the U.S. Senate hearing record, the official hearing record. Think of how your grandchild will feel when they read this later on in a political science course.

I will ask Commissioner Allbee to take the burden of yanking away the microphone if it goes on too long.

Ron, it is all yours.

OPEN MICROPHONE

Mr. ALLBEE. Mr. Chairman, I want to take the opportunity to call on some groups that were not represented in testimony, so the first group would be the apple producers. I know they are out busy today, but we do have a representative.

STATEMENT OF LORRAINE P. BERKETT, ASSISTANT PROFESSOR, PLANT AND SOIL SCIENCE DEPARTMENT, UNIVERSITY OF VERMONT, BURLINGTON, VT

Ms. BERKETT. Thank you. My name is Lorraine Berkett. I am an assistant professor at the University of Vermont where I am an IPM Specialist with the Extension Service. I also have research responsibilities.

I know that the Vermont apple growers would have liked to have been here today, but again, as was mentioned, they are busy with the harvest. This is a particularly important time because of the changes that the apple growers have had to make in their production practices. In the past, the apple growers have relied on an agricultural product that, in effect, extended the harvest period allowing for the fruit to be picked before it dropped to the ground. Because of potential food safety risks, this product is no longer available. The apple growers have had to alter their production practices and learn how to remain profitable without this agricultural product. It is a real challenge.

Vermont apple growers are very aware of the concerns expressed by other farmers here today. They are supportive of environmentally and economically sound agriculture. Through adopting an IPM approach, they have been able to reduce their use of pesticides. They are concerned about the future of agriculture, not only in Vermont but across the country.

Mr. ALLBEE. I know we have a representative from the sheep herders.

STATEMENT OF PHIL HOBBIE, SHEEP PRODUCER, REPRESENTING THE AMERICAN SHEEP INDUSTRY ASSOCIATION, HARTLAND, VT

BACKGROUND

Mr. HOBBIE. Thank you. Good morning. My name is Phil Hobbie, and I am a sheep producer from Hartland, Vermont. I am representing the American Sheep Industry Association, which is a newly formed organization which joins the National Wool Growers Association and the American Sheep Producers Council.

As a director of the American Sheep Industry Association, I represent over 125,000 sheep and goat producers in the United States. I am also the vice president of the Vermont Sheep Breeders Association.

WOOL ACT AND ITS SIGNIFICANCE TO RURAL AMERICA

Mr. Chairman, the American sheep industry would like to thank the committee for providing the association with the opportunity to speak here today. I would like to talk about the importance of continuing the Wool Act and its significance to rural America. Our industry supports the extension of the Wool Act with the 1990 farm bill, and the incentive program for wool and mohair it provides.

I think that it is fitting for Vermont to be requesting the extension of the Wool Act. It was in Vermont in the 1800's that William Jarvis, then the U.S. Consul to Spain, brought the first merino sheep. These sheep, known as the Vermont Merinos, became the

foundation of the wool industry in the United States. Today, in Vermont, hundreds of sheep breeders continue the tradition of raising lamb and wool. The Wool Act helps us.

I am going to try to summarize here.

1954 LAW—FUNDING FOR THE INCENTIVE PAYMENTS

One of the biggest innovations of the 1954 law, which created the Wool Act, was the funding for the incentive payments; funding is supplied through the tariff collections on wool. Although producers are entitled to payments of up to 70 percent of the tariffs collected, the payments for wool and mohair have averaged only 35 to 40 percent of the available amount over the past several years.

In 1988, the duties collected totaled $435 million. In 1988, $130 million in incentives were paid for the 1987 marketing year. Thus, you can see that the costs associated with the wool price support program are not a burden on the U.S. taxpayer. In fact, in 1988, there was $305 million remaining in the U.S. Treasury.

The CHAIRMAN. Could I mention one thing? Anybody who has a statement that is written out like yours, we will put the whole statement in the record.

I would make just one recommendation. Nobody is going to go to a hearing in Washington, with key Members of both parties on the committee and the Secretary of Agriculture there. We would have a line which stretches out to the Potomac if we did. I would strongly urge those who might want to make a statement to think of the one point you would like us to be talking about on the plane going back and try to make just that one point. If you have a longer statement, put it in the record. You have an opportunity that those who testify professionally in Washington would kill for, so if you have one point you want us to remember and not forget when we get on the plane, try to make that one point.

RENEW THE WOOL ACT

Mr. HOBBIE. I would simply say that the Wool Act will give the industry the financial stability that it needs to continue promotion and increased production to meet the needs of the American people, and we would like you to renew it.

Thank you.

[The prepared statement of Mr. Hobbie appears at the conclusion of the hearing.]

The CHAIRMAN. Thank you.

Again, as I say, if anybody has a full prepared statement, a member of the staff will come over and get it from you for the record.

Go ahead, Ron.

Mr. ALLBEE. If you would make it brief, so we can move on to as many as possible. We do have friends and associates from New York. Is there anybody from New York that would like to testify?

STATEMENT OF ROBERT DELAPLAIN, DAIRY FARMER, LOWVILLE, NY

Mr. DELAPLAIN. My name is Robert Delaplain and I am a dairy farmer from Lowville, New York. I want to thank the Secretary for

having these hearings here. I can see by his opening statement that he has a very good understanding—not the Secretary, I want to thank Senator Leahy. I will come to the Secretary later. Senator Leahy has a very good——

Secretary YEUTTER. I hope the Secretary does, too. [Laughter.]

SUPPLY MANAGEMENT WITH PRICE AS CLOSE TO 100 PERCENT OF PARITY AS WE CAN GET

Mr. DELAPLAIN. Senator Leahy has a very good understanding of the plight of the Northeast dairy farmers and I think the way to go is the supply management, with the price as close to 100 percent of parity as we can get.

You have a very formidable opponent to your agenda sitting right on your right, Mr. Clayton Yeutter. He is, in my opinion, dead set against supply management of any kind and he says he is approaching dairy policy with an open mind, but I have heard him speak before and the main point of all his speeches is reducing or eliminating agricultural subsidies worldwide. So, if he wants to eliminate agricultural subsidies, he certainly is not going to want any supply management in this country. In my opinion, he is not a friend of Northeast agriculture at all, in any way. If his programs are followed out, there will be very few dairy farms left in the Northeast.

Thank you very much.

Mr. ALLBEE. Mr. Secretary.

The CHAIRMAN. We had better let the Secretary respond to that.

Secretary YEUTTER. I would like to comment for just a minute, because, first of all, in my judgment, a proposal for a dairy support program at 100 percent of parity is just totally unrealistic. If you like to articulate unrealistic positions it is certainly your privilege to do that in a democratic society, but I have to tell you that if you ask the people sitting around this table how many votes that kind of proposal would get on either side of the political aisle in Washington, D.C., I think they could tell you that you can probably count those on one hand out of the 535.

So, it seems to me you have to try to come forth with policy propositions that have a realistic chance of getting through the political process. After all, it is not simply a matter of what the Congress or the administration can do for the dairy industry. These folks and I have a constituency of the entire agricultural industry, too, not just dairy, and we have budgetary constraints. We cannot go out and spend $50 billion next year, there is no way the budget committees are going to provide gigantic sums of additional money for farm subsidies to the Senate Agriculture Committee or the House Agriculture Committee, so we have to be reasonable and realistic about this.

With respect to supply management, I would like to see us formulate a dairy program, whatever it may be, that is in the long-term best interests of American dairy farmers, including dairy farmers in the Northeast. That may or may not include some supply management attributes. That remains to be seen, as we go through the legislative process. But if you can convince me that supply management ought to be a portion of that picture, that is

fine, I am prepared to be convinced. Dairy does not need to necessarily be done the same way that everything else is done, from a policy standpoint.

I think we ought to examine all the alternatives, examine them carefully, in an open-minded way, and then try to come to a conclusion, and that is what we are going to do and we are going to try to do it sensibly.

Mr. ALLBEE. Thank you.

To sweeten things up a bit, I am going to call on the honey producers. Do we have a honey producer?

STATEMENT OF BILL MRAZ, BEEKEEPER, MIDDLEBURY, VT

Mr. MRAZ. Senator Leahy, thank you. My name is Bill Mraz. I am a beekeeper in Middlebury, Vermont.

I am representing a rather minority faction of agriculture here, but I think one which its economic value far outweighs the actual value of our product.

BEEKEEPING—HARD TIMES

Like many facets of agriculture, beekeeping has fallen on hard times recently. The price of honey over the last 10 years has dropped over 30 percent. The world market price is down, as a result there has been large importations of foreign honey into the United States, which has been allowed since the honey virtually comes in duty-free.

WHAT IS THE FUTURE OF THE HONEY PRICE SUPPORT PROGRAM IN THE 1990 FARM BILL?

Also, recently, with the last several years, there have been the introduction of several parasitic bee pests into the Nation and their hardship on the beekeeper is just beginning to be felt throughout the country. There seem to be very serious problems on several counts. Because of this, I guess, what the beekeepers in Vermont and probably all over the Nation would like to know is: What is the future of the honey price support program in the 1990 farm bill?

The CHAIRMAN. Is that a question?

Mr. ALLBEE. That is a question.

The CHAIRMAN. Well, my intent is to try to get as many noncommodity issues written up, at least at the committee level, this year for the farm bill. I'd like to start with the commodity issues next year, which will include honey. I cannot answer your question. I do not know what the budget restraints will be next year. I am afraid that the farm bill, unfortunately, is going to be more budget driven. I, of course, would prefer it much the other way around. I think we will be able to give you a far clearer answer as we get into the early part of next year, certainly well before we vote on it.

Mr. ALLBEE. Thank you.

The goodies that you tasted outside were graciously presented by the Women Involved in Farm Economics [WIFE] this morning, so we do have a representative who wants to speak.

STATEMENT OF JENNIFER NELSON, FARMWIFE, RYGATE CORNERS, VT

Mrs. NELSON. Thank you. Hi, again.

I am Jennifer Nelson. I married a dairy farmer 17 years ago and I had no idea that today I would be standing before the Secretary of Agriculture and members of the Senate Agriculture Committee, testifying on behalf of dairy farmers in Vermont.

A few years ago, I started to speak publicly and I thought that the only problem I had to face was to tell everybody to just drink one more glass of milk a day and then everything would be OK. However, it seems that our problems have gotten bigger and I have to look at things out of just the State of Vermont and globally, like you do, and so I have written this poem for you today:

POEM BY JENNIFER NELSON

What difference do I, as a farmwife,
Make to the proceedings today?
What can I say that you haven't heard
In some more eloquent way?

I come before you in humility,
But with pride in my heart as well.
I know that your decisions in 1990
Will determine whether to go on or sell.

For it is stability and fairness
We look for in the new bill ahead,
And we ask for our government's programs
To maintain orders and support price—for we dread

That slashing the price for a surplus
That's not extra, but what our country needs
For schools, military, the hungry and homeless
Puts unfair burdens on farmers and leads

To an unprecedented imbalance
In trade relations the whole worldwide
And more hunger in our own country—
It's time to take America's side!

Get tough on foreign investors
Who collect our crop subsidies.
Get firm with Japan and the Koreans
And their $70 billion trade deficit, I plead.

We need you in Washington to protect us,
Not just in agriculture, but all our industries.
The American market and its profits—
Major trading nations can't survive without.

It's in production and manufacturing
Of food and fiber and machines
That give our economy strength
And uphold America's dreams.

For jobs, peace, prosperity, protection—
Give us the tools that we need.
Start with supply-management (a buyout or diversion)
Then supplies of milk will lead

To market price that reflects the value
Of the production costs we see,
And keeps government from buying too much.
Isn't that what our goal should be?

Let's keep the assessment for promotion:
Now every farmer must pay
For effective advertising and research.
I think we've come a long way.

But, now let's get to the attitude
That our negotiators still hold today,
When they discuss trades and tariffs
And bargain our farms away.

Other countries protect their farmers,
But we give technology to all
And open wide the doors for their extras.
Oh, no! Our farms won't fall?!?!?!

It sure is hard to imagine
That the administration won't try
To learn more about real farming
Because that's the reason why

We find ourselves with deficits
In budget and in trade.
Our country has abandoned business at home
By the decisions it has made

To let other countries buy our land
And take our money home.
We buy and buy from everyone else
And, therefore, we condone

The idlings of our factories and the
Lost pride in U.S. made.
The true work ethic and independence
Was what our forefathers laid

Down for us—The American dream!
We have a country like no other.
The Bread Basket of the World—
Let's protect it for one another.

The CHAIRMAN. Thank you.

Mr. ALLBEE. I do not know what to say. [Applause.]

May I have some hands for those who might like to be represented?

The CHAIRMAN. We have about 5 or 6 minutes left; I just mention that to each one who is testifying. Go ahead.

STATEMENT OF GRACE GERSHUNY, ORGANIC VEGETABLE FARMER, BARNET, VT

Ms. GERSHUNY. My name is Grace Gershuny. I am a small organic vegetable farmer from Barnet, Vermont, and I am also involved in the Vermont Organic Farmers certification program.

LISA PROGRAM NEEDS BETTER FUNDING

I am also a founding member and current board member of the Organic Food Production Association of North America, which is a trade association which has promulgated industrywide guidelines for organic food. I am also a participant in the Northeast Regional LISA program-funded program to develop a Northeast organic and sustainable farmers network, so I would like to emphasize that the LISA program does need better funding and that it should include that there should be more funding earmarked for these kinds of programs in both research and extension in each State.

I would also like to say that I visited as a farm inspector for various——

The CHAIRMAN. Incidentally, I absolutely agree with you on that point. I just want you and those who are interested in LISA to know that.

Ms. GERSHUNY. That is right, and we appreciate your support very much.

MIDWESTERN FARMERS GROWING ORGANICALLY ARE MAKING MORE MONEY THAN THEY WERE WHEN THEY WERE GROWING CONVENTIONALLY

I want to also mention that I have visited a number of midwestern farmers in South Dakota, Kansas, and Iowa, as a farm inspector, and have talked with a number of them who are growing organically, who have rejected participation in Federal farm programs and are making more money than they were when they were growing conventionally without even having to sell on the organic market, as a result of being able to decrease their production costs. So, I think that there is a great deal of promise in not just reducing, but eliminating toxic farm chemicals in the future.

Thank you very much.

The CHAIRMAN. Thank you.

Secretary YEUTTER. If I can just make one quick comment to that, because there has been a lot of interest in low-input sustainable agriculture. Our new Assistant Secretary for Science and Education is a very distinguished scientist, Charlie Hess, who was Dean of Agriculture at the University of California at Davis, who has been very much involved in some of these kinds of issues in California. I think you will find him very easy to work with on these issues, because I think he shares a lot of your fundamental views on this subject.

While I have the microphone, I would just say to the lady from WIFE, who did the poem very effectively, that we are making some progress on that trade negotiating front. When I became U.S. Trade Representative 4 years ago, we had a $170 billion trade deficit, it is now a little over $100 billion. That is too big, but $100 billion looks a lot better than $170 billion. I do not take personal credit for all of that, that would be unfair, because a lot of factors were involved in that improvement, but I take credit for some of that.

Mr. ALLBEE. Thank you. We have another question up here or statement?

STATEMENT OF ADELE DAWSON, MARSHFIELD, VT

Ms. DAWSON. I am Adele Dawson, from Marshfield, Vermont, and I am not speaking for any organization, but I think for many people in the State. I ask that when we consider all the things that have been brought up today, that would be forests, farms, cows, and farmers, that we consider them not just as commodities but as a spiritual as well as a physical resource of our country. This can be an example to all the other countries of the world, too.

BOVINE GROWTH HORMONE

Another thing I would like to say is that, when we think about the bovine growth hormone, I would like to ask all the newspapers in the world, when they speak of this, just do not say BGH, without saying bovine growth hormone, because there are too many initials today and people cannot remember them all. We should be specific about this. When we think about this, I am not saying that all scientific things are wrong, I am very much in favor of and enjoy my dishwasher and my blender, et cetera, but I think we have to take an ethical point of view when we start tampering with living bodies and I believe that if you search your own religion, whatever it be, you will see that this is important.

Thank you.

STATEMENT OF DENNIS BORCHARDT, REPRESENTING THE GEORGE D. AIKEN RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL, RANDOLPH, VT

Mr. BORCHARDT. Thank you. I am Dennis Borchardt and I am speaking on behalf of George D. Aiken Resource Conservation and Development Council. We are a nonpartisan, nonprofit network of volunteers organized to help local people develop, care for and appreciate their natural resources, to ensure economic opportunities and enrich communities.

ASSIST COMMUNITIES IN DEVELOPING A VISION

Our mission is to assist communities in developing a vision, putting together plans to reach that vision and mobilizing strategies to reach their goals and objectives.

LOOK FOR WAYS TO INCREASE SUPPORT

Our Council in the southern part of the State is supported by the USDA through the Soil Conservation Service. Through this $110,000, approximately, that we get annually, last year we have generated an estimated $595,000 in additional resources to meet local needs. This is one area that USDA in rural development issues and areas can really look to be proud of. The program of Resource Conservation and Development that really is attuned to looking at local needs, local issues, and putting a small amount of USDA support toward. The generation of these dollars is an important part of Vermont's economy, and I would encourage you to look at ways to increase that support.

Secretary YEUTTER. Thank you. I agree with you. I like that program and I hope we can continue to advance it.

Mr. ALLBEE. We will take one over here and then we will go back to the other side.

STATEMENT OF DAVID ROTMAN, DAIRY FARMER, NORTH BANGOR, NY

Mr. ROTMAN. Good afternoon. My name is David Rotman and I am a dairy farmer from North Bangor, New York. I am also a former ag teacher, I taught vo ag for 3 years on the high school level.

SCHOOL AND JOBS

Basically, my concern is, well, we have made it through the 1980 farm bill for the farmers or dairy farmers that are left, and I am looking at enrollment in secondary and post-secondary schools. Our county had seven ag programs in 1985; we now have two. Enrollment in high school level is down 60 percent, post-secondary is down 40 percent. New York State is the third largest dairy State in the Union, we are very agricultural oriented, like many other farm States. We had 49,000 jobs in agricultural related positions. We were unable to fill 4,000 of those jobs last year.

REMEMBER THE NEXT GENERATION IN THE 1990 FARM BILL

What we call agriculture literacy is declining. The next generation is about to come around. If we continue to have unfair legislation and farm bills, the kids today see what their parents have to go through on their farms, are very discouraged with agriculture today, they are not blind to the situation. I think when the 1990 farm bill is taken under consideration, remember the next generation, they are the ones that are going to have to carry on and they are not at this present time overwillingly.

Thank you.

The CHAIRMAN. Thank you.

Secretary YEUTTER. I was just going to say that a lot of that depends on whether we take advantage of our global export opportunities over the next decade or two. If we think parochially and if we just concentrate on the U.S. market, those opportunities will continue to be very limited.

Let me just give you the numbers and demographics. Today, there are 240 million or so people in the United States. If we produce for that market, it will essentially be 240 million or a few more for a long time to come. Right now, there are 5.2 billion in the world as a whole. We are going to add another billion between now and the turn of the century. The question is who feeds them. Do we feed them or will somebody else feed them, or will nobody feed them?

STATEMENT OF WALTER PYLE, DAIRY FARMER, PRESIDENT, VERMONT FARM BUREAU, SHOREHAM, VT

Mr. PYLE. Thank you, Senator Leahy for coming here today. My name is Walter Pyle. I am a dairy farmer first and president of the Vermont Farm Bureau second.

DAIRY PROVISIONS

I can understand and I will address my comments to the dairy provisions, because we are supportive of the American Farm Bureau position on dairy, because it was written by many of the people sitting around this room, except for one provision in there of opposition to a whole-herd buyout. We think that ought to be left in the cards for consideration.

CONCERNED WITH THE RULES

Other than that, I am not concerned on the program that you gentlemen select. I am concerned with the rules in which you hand it to the Department of Agriculture to administer it. I think we need a fair program that is not going to pit one region against another region, and once we get by that I think we can live with the dairy program.

So, I appreciate your coming to Vermont. I am sure the rest of the Senate Committee will probably never forgive Senator Leahy for bringing you here in September, rather than in October during the height of our foliage, but I hope you will forgive him and send him back to Vermont once in a while.

Thank you.

The CHAIRMAN. Believe me, I would have much preferred to do it in October. Unfortunately, the Senate schedule did not give me the chance, but I agree with you, Walter, it would have been nicer.

Mr. ALLBEE. I am going back up here.

STATEMENT OF BILL SAYRE, TIMBERLAND OWNER, BRISTOL, VT

Mr. SAYRE. Thank you, Ron, Mr. Secretary, Mr. Chairman and other Senators. My name is Bill Sayre, and I am a Vermont timberland owner, a member of the Forest Products Industry and chairman of the Associated Industries of Vermont Timber Policy Task Force.

As you may have noticed on your flight into Vermont this morning, we are famous for trees as well as for the dairy farms that we have talked so much about today. Seven-six percent of our State is forested, and we account for 17 percent of the State's manufacturing employment and an even greater proportion of family income.

PROBLEMS FACING TREE FARMERS

In many ways, tree farmers are no different than our counterparts in the dairy industry. We produce a product that in many ways is subject to fluctuations in international commodity markets, we are generally small, decentralized family operations, very important to maintaining the rural community based economy in Vermont. We are subject to the same pressures of expanding urban population; and, fourthly, we produce a renewable resource that creates a multitude of general benefits to society, not the least of which is the scenic landscape.

FUNDING OF ROADS AND ROAD IMPROVEMENTS IN THE NATIONAL FORESTS

There are many things that I could talk to you about today or would like to talk to you about today, but in line with the chairman's request that we focus, I would like to focus on something that he will be deliberating on later this week, and that is a proposal that was passed as an amendment to the appropriations bill having to do with the funding of roads and road improvements in the National forests.

IMPACT OF AN AMENDMENT TO THE APPROPRIATIONS BILL

Many people may not realize that the impact of this bill reaches way beyond the Pacific and Northwest, it reaches to this small State of Vermont, where we have one of the smaller National forests in the Nation. But even here, according to the estimates made by the National Forest Service, the impact of the so-called Fowler amendment will be a 35 percent reduction in the annual harvest on the Green Mountain National Forest. This is a false economy. It is true, I believe, elsewhere in the country, but particularly here in Vermont. It will save approximately $60,000 in road improvements and rehabilitation, but it will result in a $225,000 reduction in revenues to the Federal Government.

It will have a major impact in terms of a 5 million board-feet reduction in the national harvest on the National forest, which will affect income, employment, and revenues to the individual towns.

Second, this amendment tends to ignore and understand the fact that forestry and timber harvesting create benefits that stretch way beyond the timber industry. They provide recreation opportunities, wildlife habitat improvement, watershed protection and, as I said before, scenic landscape.

AMENDMENT UNDERMINES THE GREEN MOUNTAIN NATIONAL FOREST PLAN

The final reason that I would mention why this is a particularly important issue that we would ask our Senator to help us on is that it greatly undermines the Green Mountain National Forest plan, which is in effect today. This plan was adopted as a consensus among a wide variety of interest groups over a very long span of time, and an important part of this plan was an annual harvest in the range of 14 million board-feet per year, and we consider this a serious undermining of that plan.

Thank you.

The CHAIRMAN. Commissioner, I think we have time for probably three more quick ones. I am going to let you do the Solomon-like decision of who those three will be.

Mr. ALLBEE. Thank you.

STATEMENT OF JAY MURPHY, MANAGER, PRATT FARMS, BRADFORD, VT

Mr. MURPHY. Here we go again. I am Jay Murphy. I manage a small Jersey herd in Bradford, Vermont. We milk 400 Jerseys; we have 800 total.

MUST LOOK AT THE ECONOMIC IMPACT OF BIOTECHNOLOGY

Mr. Secretary, I would like to address this to you, as I am sure you have heard it before. You would not like us to look at the economic impacts of biotechnology. I would very much like to suggest that we must look at the economic impact. If you look at the Cornell study, which was finished last year in December, it is predicting that approximately 95 percent of those herds of 50 cows and less will be gone in the State of Vermont.

If that happens, I do not want to be the only dairyman left. I cannot afford it. If I cannot afford veterinaries, if I cannot afford equipment, I cannot afford to stay in business if everybody else does not stay in business. Please, look at the economic impact that bST, bovine somatotropin, BGH, whatever you want to call it, will have on our industry, and please, when you do that, make darn sure you do not shoot us in the foot.

Thank you.

[The prepared material of Mr. Murphy appears at the conclusion of the hearing.]

Secretary YEUTTER. We will do it, because obviously it is important, but my point is that we should not do that in determining whether or not the product moves into the marketplace, because that is a scientific decision. But for the same reason, the point I made earlier about hybrid corn, obviously the price of corn would be a lot higher than it is today if we were still growing open pollinated corn, but I do not think there are very many people here who would suggest that we go back to open pollinated corn.

We could make the same argument that we should never have had tractors, you know, we would have much higher agricultural prices today if we had no tractors. I suspect the same would be true of milking machines, we could raise the price of milk pretty quickly if we banned milking machines. I just do not think we can stop scientific progress. We can go back to horse farming, but it seems to me that if we do get that kind of surge in milk production, clearly we are not going to let all those dairy farmers go down the tubes, we cannot do that. We will have to try to respond to that issue when the time comes.

I understand your concerns, those are legitimate. Assuming you get the kind of response that is prognosticated in that study, I have had some other people tell me that they believe that the response in bST will be much, much less than some of those studies have indicated.

STATEMENT OF HENRY INGRAM, FARMER/TEACHER, LYNDONVILLE, VT

Mr. INGRAM. I would like to respond to that. My name is Henry Ingram, and my wife and I raise 30 replacement heifers and I also teach business at Lyndon State College.

FARM ANIMAL TREATMENT AND INTENSIVE FARM SYSTEMS

Your point earlier, Mr. Secretary, about the tradeoffs, the very complex tradeoffs that you face, I would think would call for a need for some kind of modeling or some kind of look at where people have had experience before. I am thinking of Europe, where

countries there have grappled with these issues I think longer and more seriously than we have. Their people are not as distant from the farms, since they buy at the farm gate very often, and Americans have grown very distant from the farm so they cannot recognize many of the practices that are on our farms now.

One issue that is important in Europe that is not important here yet, and it does fit in with the biotechnology issue is the issue of farm animal welfare. There, the Europeans believe that the substitution of capital for labor has gone too far and they have rebelled such that the investment in capital equipment and this tradeoff between husbandry and efficiency they believe has gone too far; the governments of Sweden and Switzerland, as you know, have come up with new legislation that would guarantee the behavioral rights of farm animals, and other countries are now grappling with this issue.

So, as you think about the tradeoffs between husbandry and efficiency in our structure of family farms, I would argue that the way our farm animals are treated and the intensive farm systems that are now forced upon many farmers by suppliers be looked at in terms of the structure of family farms that we now have.

Thank you.

The CHAIRMAN. The last question.

Mr. ALLBEE. I am going over to this side. We are going to go through the gallery.

The CHAIRMAN. He is going to go to that side and he is going to run out the door before all the other people get a chance. [Laughter.]

STATEMENT OF MARK CATLIN, VETERINARIAN, MONTPELIER, VT

Mr. CATLIN. I am Mark Catlin. I am a veterinarian here in Montpelier. I work exclusively with the dairy plants. I would like to respond to this gentleman over here and his suggestion that intensive agriculture and high production are a hardship on cattle.

RESPONSE TO THE SUGGESTION THAT INTENSIVE AGRICULTURE AND HIGH PRODUCTION ARE A HARDSHIP ON CATTLE

My clientele consists of 35 very fine herds in central Vermont. Their average production is just under 19,000 pounds of milk per cow, and they are excellently cared for animals. It has been my experience that the cows that are hurting in this State are the cows that belong to farmers who have not got the word about proper nutrition and proper stabling and proper housing. These are thin, underfed, poorly producing animals and those are the animals that the people who are interested in animal welfare should be going after.

My clientele, and I will say I will confine my comments to strictly my clients, I believe are excellent practitioners of the art of dairy farming and their animals are well fed, well grown, their death rates are exceedingly low, and they are very, very productive and they are making, most of them that are permitting, are making a profit in this business.

TAKE INITIATIVE

I think we in Vermont need to take an initiative to say that we can do this, we can be competitive with the rest of the country, and we should go forward thinking that we can, looking to better—we do not need biotechnology to get up. It may be useful somewhere along the line, but we need to say to ourselves if we want to preserve the family farms of Vermont, we are going to be good farmers, we are going to adequately feed and house our animals. There is not a black and white herd in this State that could not role at 19,000 pounds, if properly housed and fed, and we need to say that and believe that and get competitive with the rest of the country, so we will ensure our future in agriculture for our time here and our children's time here.

Thank you.

Secretary YEUTTER. Bravo.

The CHAIRMAN. Thank you. That is going to be the final word. I would say to everybody here, what you have seen this morning is a tiny tip of the iceberg of what we are going to have in the Senate Agriculture Committee.

I will note this, and the press may want to note this, too. As chairman of the Subcommittee on Foreign Operations of the Committee on Appropriations, I have always kept two to four seats available at every hearing for anybody from Vermont who wants to come down. I make the same offer, of course, on the farm bill. We will have hearing after hearing after hearing, session after session, there will always be seats for Vermonters on a first come, first serve basis at those hearings and you should take advantage of them.

I thank my fellow Senators and the Secretary for being here. We will have a briefing if the press have any questions right here, go to lunch, and then go see a dairy farm and then very reluctantly go back to Washington.

I thank you all very much. We stand adjourned.

[Whereupon, at 1:02 p.m., the committee was adjourned, subject to the call of the Chair.]

EDITOR'S NOTE.—The next hearings in the farm bill series were held by the Subcommittee on Agricultural Production and Stabilization of Prices of the Committee on Agriculture, Nutrition, and Forestry: Livestock and Poultry, September 15, 1989; and Feed Grains, September 21, 1989, Part VI.

[Material submitted for inclusion in the record follows:]

APPENDIX

PREPARED STATEMENT OF MARK SCHROEDER, MEMBER OF THE BOARD, VERMONT NATURAL RESOURCES COUNCIL, BELVIDERE, VT

Senator Leahy, Secretary Yeutter, members of the Agriculture Committee, I am pleased to have this opportunity to present the comments of the Vermont Natural Resources Council on the 1990 farm bill. I am Treasurer of VNRC's Board of Directors, have served on the Board for 5 years, and am a member of the VNRC Agriculture Task Force, which includes farmers and conservationists.

VNRC is a nonprofit group supported by over 4,000 members who are concerned about the conservation of land and natural resources in Vermont. We are just ending our 25th year of research, education, and advocacy on issues including Vermont agriculture.

The 1985 farm bill changed the course of American agriculture. The 1990 farm bill could have the same kind of effects. It's one of the most important measures Americans expect to see from the 101st Congress.

Vermont's agriculture industry is at a critical crossroads. Land speculation, tax policy, and other public policies all seem to be conspiring to put an end to farming as we know it today. If we are going to have farms in the year 2000, we need to act today.

GENERAL POINTS

Vermont's agriculture industry is important to our State's economy. It is dominated, at present, by dairy production. We see enormous opportunity for the expansion in other areas, including the production of organic products, apples, woolens, and maple syrup, as well as for further success in dairy. Some of these markets and possibilities are only beginning to be explored.

Why is Vermont's agricultural production important to the United States? Why should State and Federal policies support it?

Vermont's agricultural production can immediately supply a market of 70 million Americans within a day's drive.

Vermont's agriculture holds promise for meeting future needs: we have good soils, water, and sunshine, and can produce agricultural products *without* lots of chemicals and the diversion or depletion of waters.

Vermont's agriculture can be diverse, supplying a variety of important products. We specialize in providing pure, high-quality products across the board.

Vermont's agriculture remains family-based, with farmers who are concerned about the quality of the environment they live in and the maintenance of productive land for future generations—preferably debt-free.

These qualities all contribute to an agriculture that appeals to American consumer tastes, provides important products, and provides safety and diversity for the future, when climatic conditions and markets may change.

Vermont's agricultural economy can't operate in isolation, and we don't want it to. We do hope, however, to preserve opportunities for agriculture in Vermont's future that will serve America in the future.

ORGANIC AGRICULTURE

American consumers are concerned about the safety of their food. They want to know that the products they purchase are produced under conditions that provide for healthy consumption.

This doesn't mean that all of our food must be produced organically. But it's clear—as reported last week in the *New York Times* from a National Academy of

Sciences report—that the application of pesticides and other agricultural chemicals isn't necessarily good for agriculture, anymore than it is for consumers who eat agricultural products.

What measures would assist in the development of organic food markets?

1. Increased funding for organic research, communications, and market development, in recognition of the market potential and importance of this neglected part of America's agricultural industry.

2. Development of strict minimum standards at the Federal level to provide for uniform quality of organic produce, permitting even higher State standards.

3. Transitional assistance for farmers who are interested in going organic, but are concerned about the costs of converting—perhaps lowering their output at high cost for a few years when they aren't able to wear the organic label.

Ground Water Protection; Pesticides

The 1990 farm bill can help provide strong standards for protecting ground water in Vermont and around the United States. Even in Vermont, where the presence of toxic chemicals including pesticides is somewhat smaller than in other States, agricultural chemicals have been detected in wellwater. This is a major concern for us: more than 60 percent of Vermont's population relies on ground water.

The State's 1986-87 pesticide monitoring report indicates that 4 wells have shown pesticide contamination, and 18 wells (about 7 percent of those tested) exceeded drinking water standards for nitrates. We recognize that ground water contamination in other States may be much higher than we have found here, but we are very interested in coordinated State and Federal policies that can restore ground water in other areas while protecting it here.

The Conservation Law Foundation (CLF) and other groups have identified the contamination of ground water by agricultural chemicals as a tremendous threat to existing and potential drinking water supplies. The issue of ground water quality protection deserves priority attention at the national level.

Toxic materials and chemicals are being released into our environment at alarming rates. Many of these reach our ground water after transport through the air, surface water, and soil.

In some cases we know that the chemicals are dangerous: dozens of pesticides now in use can cause cancer in humans.

These are the pesticides we know about. In many cases we don't even know the effects of the chemicals we are releasing and applying. It is estimated that fewer than 10 percent of the pesticides introduced since 1945 have been thoroughly tested for human health effects.

The protection of ground water cannot be achieved without massive support and investment from the Federal Government. The States are simply unable to provide the essential research and information services, the high uniform standards protecting public health, that can be provided by the Federal Government.

Ground water protection measures in the 1990 farm bill should include:

1. *Protection.*—We don't advocate rushing further ground water protection standards into law in the 1990 farm bill unless they are based on potential human health effects. We need *strong* measures to protect ground water, and should avoid short-term or stopgap protections that give the impression of resolving the potential pollution problem.

2. *Monitoring.*—The Federal Government also must assist Vermont and other States concerned about ground water protection by providing ground water quality monitoring requirements and standards.

3. *Regulation.*—The State and Federal Governments must provide more attention to the siting and regulation of facilities such as landfills and sewer impoundments which constitute an enormous and diffuse threat to ground water quality.

To protect our society against poisoning from pesticide applications, the Congress should take at least the following steps:

1. *Research.*—Pesticides must be researched and understood *before* they are licensed for use. Today many chemicals remain in use even though their effects on the environment and humans are not clear. We need a concerted national effort to identify and study the environmental and human health effects of every agricultural chemical. Additionally, the Federal Government should assist in the research and implementation of integrated pest management strategies.

2. *Regulation.*—The economic value of pesticides should be evaluated over time, including potential environmental effect and human health effects. The market impacts of overdependence on chemicals whose effects may be diluted suddenly or

gradually over time, or which may suddenly become unavailable owing to discovery of human or environmental impact, also need to be considered.

3. *Education.*—We also need assurance that farmers, and perhaps more importantly the average citizen, are provided with education and training in the application and environmental effect of the chemicals being used across America. It goes without questioning that a great deal of pollution could be prevented by source reduction of agricultural chemicals through education, training, and the adoption of best management practices.

Dairy Production

The importance of dairy production in Vermont's agricultural economy can't be overestimated. And the potential for us to provide for Northeastern markets is very large.

The 1990 farm bill could take measures to provide a future for dairy farming in Vermont and other States. The current trend of consolidating dairy production in a few States, occasionally with indirect subsidies in various forms, isn't good for a State like ours any more than it is in the long-term interest of the American consumer.

We'd like to see long-term supply management by the dairy industry, with appropriate commodity supports and production incentives similar to those offered to producers of other agricultural products in the United States. We believe that such supports will best serve American consumers *and* dairy markets if the commodity supports are oriented toward smaller farms rather than a concentration of large farms.

With regard to bovine somatotropin, or bST, we urge the committee to include a provision strictly regulating or preventing its use. Dairy markets, as shown in recent years, are deeply susceptible to disruption by changes in supply—such as the one that could result from the use of bST across America. These disruptions undermine the long-term health and diversity of America's dairy industry.

The consumer doesn't necessarily benefit from large, chemical- and fossil-fuel dependent dairy production. And consumer reaction to the use of bST in the production of a "pure" product, like milk, could eventually undermine milk markets everywhere, including overseas.

Land Conservation

Though they weren't incredibly significant in Vermont, the land conservation measures included in the 1985 farm bill (including sodbusters and swampbusters) were very important to the protection of land quality across the United States. Further measures are needed to protect topsoil, water quality, and important habitats such as wetlands.

Farmers shouldn't be economically forced to take production steps degrading environmental quality, and the Federal Government should continue to provide incentives and assistance for environmental protection.

A major issue here in New England, and in some other States, is the cost of land. Rising land prices make continued agricultural production a difficult, sometimes impossible, proposition. In the interests of maintaining diverse agriculture for our national health and safety, the Federal Government should provide assistance to States and localities that want to take long-term steps protecting farmland from conversion to other uses.

Federal gift and inheritance taxes are constructed in a fashion that makes continuance of family farming extremely expensive and difficult. Just as the Congress should take measures that make it easier for family farms to get started, it should amend our tax laws to provide better treatment for the families that want to continue farming but face such difficulty bridging generations.

Environmental Monitoring

The protection of America's land, air, water, and wildlife from the effects of development and pollution requires a good sense of the environmental conditions around us. In concert with other congressional committees working on other environmental legislation, such as the 1990 Clean Air Act, we hope that the Agriculture Committee will work on comprehensive new programs for environmental monitoring and research. These important programs have been neglected for too long.

Forest Issues

We also urge the committee to look at forestry issues. Often farm and forest activities can be compatible and are carried out by the same landowners. Unfortunate-

ly, however, Federal and State policies treat trees and crops separately. In Vermont, where most farmers manage woodland for timber products or syrup or other benefits, there would be great benefits to more concerted farm and forest policy from the 1990 farm bill.

I am extremely appreciative of this opportunity to discuss environmental concerns with the committee, and I look forward to the testimony of other participants in this hearing. Thank you for coming to Vermont.

PREPARED STATEMENT OF JAMES E. WILKINSON, JR., NATURAL RESOURCE CONSULTANT, BARRE, VT

Mr. Chairman, Mr. Secretary, I am James E. Wilkinson, a natural resource consultant from Barre, Vermont. Previous to my leaving State government in 1979, I had been Commissioner of the Department of Forests, Parks and Recreation as well as Vermont State Forester, preceded by other professional employment in the Department beginning in 1946. A 1939 graduate in forestry from the Pennsylvania State University, I am a Fellow of the Society of American Foresters, a member of the American Forestry Association since 1932, and actively engaged with other professional and resource conservation organizations, nationally and locally.

I appreciate the opportunity to share my personal comments with the committee. The question to be considered is: Whether or not there is, or should be, a role for forestry in the 1990 farm bill? My response is, "yes, there is such a role."

That role should be the enunciation of a national policy on the small, nonindustrial, private forest lands of the Nation.

Federal forest lands—National forests, national parks, BLM lands, Indian lands, and other Federal agency forest lands have management guidelines governed by national policies set by statutes enacted by Congress. Congressional committees annually debate the pros and cons of the implementation of these policies, especially through the budgetary and appropriation process. Public participation in this process by the responsible agencies and by special interest groups is routine and active, often controversial and confrontational.

Industrial forest land management is not guided by any specific national policy, and may not be needed. However, the forest based industry does have resources to use in influencing Federal policy, programs and legislation affecting it. This is particularly the case with respect to taxation and other business related issues. However, recent developments in corporate activity which can be threatening to the long-term productive use and overall well-being of these large forest holdings, and to public interest, have caused considerable concern. I am referring to the rash of corporate mergers, leveraged buyouts, control by foreign investors and similar actions of questionable public value and benefit. Such evolving and unstable corporate entities may have short-term goals emphasizing immediate, maximum profits and quick turnovers, with no serious or responsible care or vision for the future. Not all industrial landowners can or should be characterized as irresponsible; and greed is not limited to corporate interests. We all share in that undesirable element of the human condition. Today, we can state that most of the corporate forest ownerships are committed to long-term goals which meet their corporate as well as public interests. But recent trends in some instances are scary, and are receiving public attention. However, this class of forest lands need not be a feature in the 1990 farm bill.

The small, nonindustrial forest land owner *does* deserve attention, does warrant an articulated, broad policy statement recognizing the public as well as the private values of this important segment of the Nation's forest resources. It has no representation, no public forum, no identified national vision for the future.

This class of ownership—which includes farmers, blue collar and white collar workers, retired people, professionals, and even politicians—number about 4,000,000 and own about 60 percent of all the commercial forest land in the country. Their acreage varies from 10,000 to 5,000 acres. Much diverse attention has been given to these owners in the past, with variable levels of success in reaching and motivating them. Many Federal and State programs have come and gone. Conferences, research, studies and projects have been conducted to identify, define and analyze the small forest land owner problem. The issue still persists and the opportunities still exist. Past programs devised for these owners were based on emphasizing timber production to meet future *national* needs. That was not bad! It's still not bad! But it is not enough! For many owners it is not an acceptable or an identified objective; or it may not be feasible or desirable. For those few owners who have thought it through, timber production may have a low priority.

But 4,000,000 owners of 60 percent of the Nation's forest should not be ignored. They share too many benefits with the public, and there are opportunities for enhancing private and public gains from these small woodlots. Consider some of the benefits which they offer:

1. Global warming is an international issue of concern. Trees and forests contribute to the amelioration of this phenomenon. Millions of small woodlots do their part and can do more.

2. It has been traditional for the public to use private lands for recreational purposes. Hunting, fishing, hiking, birding, vehicular uses and many other kinds of recreation take place on these lands, usually free of charge.

3. Just by existing there, environmental enhancement takes place and aesthetically pleasing contributions are made.

4. Protection and conservation of water resources of critical importance is a major factor in all managed forest land.

5. Production of economically valuable timber resources help support local economies.

6. Protection and preservation of wildlife habitat is an important public benefit for all to enjoy, and often a primary ownership objective.

7. A well-managed property contributes to the social health and well-being of stable communities.

8. An economically viable tract helps the owner to be a valued member of the local community through the tax revenues provided.

What are some of the major issues confronting these small, private woodland owners?

1. There is a need for forest management planning designed in terms to meet the requirements of specific owners to achieve *their* ownership goals and objectives.

2. Gross increases in land values often make continued long-term ownership difficult. The temptation is strong, maybe irresistible, to treat the land as a commodity and to cash in on the commercial opportunities. Farmers are particularly subject to this problem. When the wrong transactions occur, we all suffer some kind of loss.

3. Taxation of all sorts which does not consider the long-term dimension of the investments needed, the risks involved, and the public amenity values provided, can be a serious deterrent for this class of ownership.

4. Competition for other private or public uses of the land can reduce or eliminate the public benefits and amenities which these diverse small forested ownerships provide.

5. Unnecessarily stringent or unreasonable regulations and controls can be counterproductive.

6. Irresponsible individuals of the public using private forest lands for personal recreation often cause damage and destruction to the property.

What is needed to maximize the public and private benefits of these nonindustrial small private forest land owners?

1. A National Forest policy to encourage and support a stewardship ethic recognizing forest land to be not just another commodity, but a natural, living resource for conserving and using in the long range, best interest of both the owner and the public.

2. A National Forest policy to encourage and support such a stewardship ethic as may be manifested in forest management plans responding to the identified needs of the individual owner. A matrix of multiple uses would soon appear with remarkable achievements. Such a National Forest policy would foster State and local forest management planning programs such as Vermont's current use assessment program for productive farm and forest land. Similar programs are at work in Massachusetts, New Jersey, Maryland and elsewhere. Innovative, successful projects such as these need to be broadened.

3. A National Forest policy which recognizes the risks entailed in the ownership of the forest tracts—risks such as hurricanes, drought, flood and fire of a catastrophic nature, inflicting widespread and severe damages and losses. Making these ownerships eligible for disaster assistance similar to that available for other agricultural crops would be a small but significant gesture.

4. A National Forest policy which articulates the understanding that shortsighted, inappropriate and drastic changes or alterations in the use of forest lands can and does have negative impacts on one's neighbors and on the community.

I am reminded of the familiar verses of John Donne's poem, *No Man is an Island.* With apologies to Donne and with your indulgence, I've paraphrased those verses to fit these times and this occasion:

No woodland is an island, all of itself;
every parcel is a piece of the whole,
a part of the land,
if a lot be destroyed or wasted by
whatever cause,

The community is less, as well as if only
a subdivision were,
as well as if a home of your friends or
even your own were;

Any woodlot lost diminishes the resource,
because it is an involved portion of nature.

And therefore never send to know for whom
that woodland is lost;
It is lost for you.

Finally, Mr. Chairman, I recommend that this committee exercise its authority and prerogative to initiate a National Forest policy for the small, nonindustrial forest lands of this Nation. The 1990 farm bill could be a unique opportunity and an appropriate legislative vehicle for such action.

Thank you.

PREPARED STATEMENT OF PHIL HOBBIE, SHEEP PRODUCER, REPRESENTING THE AMERICAN SHEEP INDUSTRY ASSOCIATION, HARTLAND, VT

Good Morning. My name is Phil Hobbie and I am a sheep producer from Hartland, Vermont. I am representing the American Sheep Industry Association and the over 115,000 sheep and 10,000 goat producers in this country. I am also the vice president of the Vermont Sheep Breeders Association and a Director of this newly formed organization which joined the National Wool Growers Association and the American Sheep Producers Council. The foundations of the American Sheep Industry Association are over 120 years old and represent the oldest livestock commodity group in this country.

Mr. Chairman, the American Sheep Industry would like to thank the committee for providing the association with the opportunity to meet with you. Today I would like to talk about the importance of continuing the Wool Act and its significance to rural America. Our industry supports the extension of the Wool Act with the 1990 farm bill, and the incentive program for wool and mohair it provides.

Since 1954 American sheep and goat producers have relied on the Wool Act to improve their ability to compete with foreign imports of raw wool. This law, known as the Wool Act of 1954, changed the basic nature of the wool and mohair program from the price-support loan programs that had existed previously. To offset the market depressing impact of imports, incentive payments were authorized based on the average market price. These incentive payments have stabilized income received from wool and mohair, making it economically feasible to produce wool and mohair consistently in the United States.

Over the past third of a century, this same law has been renewed with only minor changes. However, unlike some commodity programs, if the law is allowed to expire there is not a permanent base law which continues the policies of the Wool Act.

One of the biggest innovations of the 1954 law was the funding for the incentive payments; funding is supplied through the tariff collections on wool. According to the report of this committee in 1985, "The National Wool Act of 1954 . . . provides a permanent appropriation to the Commodity Credit Corporation, under which the Corporation is reimbursed each fiscal year an amount to cover program costs that cannot exceed 70 percent of the wool duties collected, . . . under the Tariff Act of 1930." This unique element of the program was key to the proposal presented by the Eisenhower administration in 1954.

Although producers are entitled to payments of up to 70 percent of the tariffs collected, the payments for wool and mohair have averaged only 35-40 percent of the available amount over the past several years. In 1988, the duties collected totaled $435,622,000. In 1988, $130,635,000 in incentives were paid for the 1987 marketing year for wool and mohair. For the 1988 marketing year, incentive payments were only $88,509,000.

In 1985 the Congress once again recognized this unique feature. According to the House Committee on Agriculture's report on the Food Security Act of 1985, ". . . the costs associated with the wool price support program are not a burden on the U.S. taxpayer." **This is because foreign competition for American wool actually reimburses the Federal Treasury for incentive payments to domestic producers, resulting in no net cost to the U.S. taxpayers!**

Despite its significance, the wool industry was hindered in the early seventies by the influx of synthetic fibers into the U.S. market. On top of cheap competition from polyesters, the wool payment percentage was frozen and rising production cost had to be absorbed by the producer. During this 10-year period the total U.S. wool production decreased by 37.5 percent; and many woolen mills and manufacturers left the wool business. There was a resurgence in wool production after the freeze was lifted; however our industry was set back along with all of agriculture by the drought in the early eighties and the general depression in the farm economy. Meanwhile the U.S. wool demand has been growing.

We must be able to supply more of our own needs. The Wool Act provides incentives to our producers to encourage production. It also authorizes the Secretary of Agriculture to develop a promotional program with a checkoff from the incentive payments. The combination of incentive and promotion is working—quality, supply and demand are improving. This check-off program was the first self-help commodity program.

The promotional funds have helped the industry to promote domestic lamb as the meat of choice and build a renewed interest in wool as a fiber of preference. In the past 5 years, domestic wool consumption has increased by 6.1 percent. Reacting to this expanding market, total sheep production is increasing at a net rate of about 2 percent per year. Overall the number of sheep operations grew by nearly 1,000 in 1988, with many of the increases being farm flocks on small family operations.

Many small producers, especially in the eastern half of this country, raise sheep primarily for meat. These producers would be less likely to follow recommended marketing procedures for their wool without the continued incentive payments. Though small producers account for only 3 percent of the total program outlays, income from the sheep portion of the farm operation helps the profitability of these farm families.

In the west, many sheep are raised on lands that could not be utilized for any other type of agriculture. Many rural counties and communities lack economic alternatives and are dependent on the sheep industry for stability, making the Wool Act an important rural economic development program.

Although the Wool Act is one of the lesser known commodity programs in the farm bill, the incentive program it provides is crucial to many sheepmen and farming communities. In 1988, wool and mohair sales contributed approximately $152.8 million to our rural economy and the incentive program for the 1987 marketing year added another $130.6 million. Manufacturing fabrics and yarns from domestic wools added an additional $210 million and the wholesale value of the apparel produced added $350 million. And let's not forget the American jobs represented by these revenue figures. (Calculations courtesy of the ATMI wool committee.)

What does the future hold? The U.S. producers and manufacturers of wool products have the potential to more fully meet consumer demand and return jobs to this country. But to do this they must have the stability furnished by the Wool Act.

Through the promotional funds available through the Wool Act, lamb and wool are increasingly finding their way back into the American home. Consumers are wearing wool year-round in the workplace and nutrition conscious food buyers are demanding lean lamb.

Our Nation's sheep and goat industries have had a long history and have a great future in this country.

Renewing the Wool Act will give the industry the financial stability it needs to continue promotion and increase production to meet the needs of the American people. This increased production in turn will reduce our country's dependence on imports and continue the vital rural development impact of the Wool Act.

The Wool Act is a law we can be proud of and it should be renewed in its present form.

PREPARED MATERIAL OF JAY MURPHY, MANAGER, PRATT FARMS, BRADFORD, VT

The enclosed estimates were made in June of 1989, using our own herd as a model as illustrated. The likelihood of a farm being able to use bST at a profit in New England seems to be very unlikely.

Bovine Somatotropin Use—Projected Income and Expense

BASIS FOR ESTIMATES

Milking herd rolling averages for 12 months prior to estimate:
381 Jersey cows—rolling milk average 37.0 pounds.
Average feed cost per cow day: $2.42.

INCREASE IN PRODUCTION AND FEED COSTS PER COW

Production	Feed cost
10% = 3.7 lbs.	10% = $00.242
15% = 5.5 lbs.	15% = $00.363
20% = 7.4 lbs.	20% = $00.484
25% = 9.2 lbs.	25% = $00.605

	Milk price CWT					
	$10	$11	$12	$13	$14	$15	$16
INCREASED GROSS INCOME PER COW PER DAY							
10% = .37	.40	.44	.48	.51	.55	.59
15% = .55	.60	.66	.71	.77	.82	.88
20% = .74	.81	.88	.96	1.03	1.11	1.18
25% = .92	1.01	1.10	1.19	1.28	1.38	1.47
INCOME OVER FEED PER COW PER DAY							
10% = .128	.158	.198	.238	.268	.308	.348
15% = .187	.237	.297	.347	.407	.457	.517
20% = .256	.326	.396	.476	.546	.626	.696
25% = .315	.405	.495	.585	.675	.775	.865

NOTE:
(1) Items not accounted for: cost of bST, increased management costs, and possible increased vet costs.
(2) This herd has in the past 18 months seen an increase in production of 30 percent per cow just by making management changes without any increase in per day feed cost.
(3) DHI herd average:
Jan. 20, 1988: 9,492 milk—26.2 milk per day.
June 9, 1989: 13,599 milk—37.0 milk per day.
Feed costs stayed at $2.42 per cow day.

Prepared Statement of Jackie Folsom, President, Vermont Women Involved in Farm Economics (W.I.F.E.), Vermont/New Hampshire #90

As President of Vermont Women Involved in Farm Economics, and on behalf of our members, I would like to welcome Secretary of Agriculture Yeutter and the Senate Agriculture Committee to our State. I would also like to thank Senator Leahy for holding this meeting here in Montpelier.

W.I.F.E. has been active in Vermont for just over 1 year. It has been an eye-opening experience for many of us on small family farms to learn about problems occurring in other parts of the country. The concerns of beef producers in Kansas, apple growers in Washington, soybean and cotton farmers in Alabama and wheat growers in Kansas seem far removed to all the things happening in Vermont. I do not envy you in your task of listening to all of the testimony concerning these commodities and attempting to reach a compromise known as the 1990 farm bill. It is very easy for us in New England to focus only on our concerns. I would like to discuss several positions W.I.F.E. supports that are universal.

Use of Agricultural Chemicals

Special interest groups opposing the use of agricultural chemicals often play on human emotion rather than proven data when requesting or demanding the ban of chemicals. W.I.F.E. supports a ruling that the EPA be permitted to remove a farm

chemical from the market ONLY AFTER positive proof has been established that there is a health hazard when USED AS LABELED.

W.I.F.E. encourages intensified pesticide education and safety practices for ALL users, including urban and rural dwellers and use on private or public lands. We urge the same regulations be imposed on anyone buying chemicals, regardless of amount. W.I.F.E. believes the American farmer wants and needs to be the best steward of the soil and practice the best conservation methods possible, as his livelihood depends on this practice for himself and future generations. Therefore, we oppose regulations that hold agriculture liable for damage occurring to air, water, soil or animals if all labels are properly observed.

Education

W.I.F.E. supports the efforts of land-grant colleges and universities to continue research directly affecting agriculture to help solve the economic problems of farms and rural America. It is extremely important to base farm management decisions on fact, not emotion.

Animal Rights

W.I.F.E. supports humane treatment of all animals but opposes legislation or guidelines at ANY GOVERNMENT LEVEL that grants "rights" to animals. We pledge to inform the public of farmers treating animals in an inhumane manner and that harm can be done by changing the basic methods of production currently in use in the food and fiber industry for the cause of animal rights. We oppose public moneys being used for teaching animal rights.

Long-Term Policy

W.I.F.E. supports the creation of a long-term U.S. agricultural policy which is based on careful management of supplies, including adequate reserves to meet domestic and export needs, as well as supply management which will prevent the buildup of surpluses.

Dairy

W.I.F.E. supports legislation against deceptive packaging and labeling of imitation milk and dairy products and calls for the word IMITATION to be printed in the same size as the product name.

We strongly endorse continuation of the National School Lunch Program and Special Milk Program using only WHOLE milk and other fresh dairy products, and expanding this program into institutions and the U.S. Armed Forces.

W.I.F.E. recommends more and long-term research on bovine somatotropin prior to an FDA decision for public use, to determine the effect of stress on animals injected with bST and also any economic impact on dairy farms.

W.I.F.E. strongly urges a change in the current method used to determine dairy surplus in two specific areas:

a. Through the Office of the Secretary of Agriculture, by changing from a butterfat equivalent to a total solids equivalent basis for estimating the amount of milk purchased through the Commodity Credit Corporation. This will result in a direct impact on the decision to cut support prices.

b. Congressional action on the use of the word SURPLUS; the term should not include dairy products donated to food assistance programs by the CCC. We suggest the word INVENTORY.

Women Involved in Farm Economics support the idea that the U.S. Department of Agriculture should return to its original purpose of representing the American PRODUCERS and not the urban consumers.

In a nation where approximately 2 percent of the population provides the hands-on production of quality food for the other 98 percent of our citizens, it is important that producers feel they have an advocate in the USDA. Many of us now in farming have had to add one more hat to the many we wear: product promoter. Consumers are easily swayed when their emotions are played on; witness the Alar scare. If the facts had been more aggressively promoted, consumers would not now have to foot the bill estimated at $15 million to purchase surplus apples from devastated growers.

Consumers expect excellent quality, numerous choices and low cost. We as producers need the tools to continue this dependence, but not to the point we are regulated out of existence. We need FAIR trade, not necessarily Free Trade. We need continued and increased Government funding for agricultural research at our universities,

so our extension services can provide facts for our decisions. We need accurate counts of inventory, and we need the Government to distribute surplus CCC purchases to the TEFAP programs and to the schools. Our children and those citizens with lower than average income need nutritious meals. And, we need a strong voice to remind consumers that we as farmers and ranchers eat the same food, drink the same water and breathe the same air as they do. When our resources of education and research are taken away, and when advocacy based on fact fails to develop, everyone suffers.

W.I.F.E. is committed to promoting agriculture at the grassroots level and working to achieve the prosperity of farmers and ranchers across America. We feel our concerns—developed through a network of women in 22 States—are legitimate and a small representation of the problems facing us all.

W.I.F.E. in Vermont will continue to monitor developments in agriculture and to stay knowledgeable on issues in the 1990 farm bill. We look forward to working in cooperation with all agricultural groups to promote our products, our farms, and the credibility of the agricultural society.

Again, we thank you for coming to listen.

PREPARED STATEMENT OF ALICE T. EGAN, DAIRY FARMER, NORTH BANGOR, NY

PART I—SITUATION—DAIRY PRODUCTION

New York-New Jersey Order 2 down 4 percent from July 31, 1988.
Western New York—Order 4 down 9 percent from July 31, 1987.
• Class II may be down as much as 10 percent.

CONCLUSION

(1) Last week an emergency meeting called by Order 2 Class I handlers requesting additional milk supplies—CALL order:
Midwest—down 3-4 percent from July 31, 1988.
West-Southwest—up 3 percent from July 31, 1988.

NATIONAL SITUATION

USDA:
Actual cow numbers—ALL TIME LOW.
Actual yearling and calf numbers—ALL TIME LOW.
No increase in production possible for 2-4 years.

CCC PURCHASES ACTUALLY IN STORAGE

1985—1,760 million pounds equivalent 1987—700 million pounds equivalent.
1989—309 million pounds butter week ending August 25, 1989.
• Not only has the 1985 farm bill worked, it has created a SHORTAGE of dairy products! Is this a RESPONSIBLE Program?

PART II—THE ROLE OF COMMODITY CREDIT CORPORATION

When formed in the 1930's—sole reason for being: To stabilize the market in times of excess by purchasing surplus.

1989—CCC's role is to act as the food purchasing agent for the military, foreign aid, Government programs in United States, and any surplus.

CCC is also acting as a storage department for the commercial segment.

To August 25, 1989, market year purchases—9,163 million pounds equivalent.

YET August 25, 1989, IN STORAGE ONLY—309 million pounds of butter.

What SURPLUS do we have? 309 million pounds of butter, 0 pounds of cheese, 0 pounds of dried milk.

• In fact, CCC recently had to go to the market to fill the needs for cheese for the military!

CONCLUSION

RECOMMEND in 1990 farm bill:
(1) Commodity Credit Corporation return to its original premise.
A. Each Department (Military, State, etc.) be TOTALLY responsible for its own food purchases from the market. Each budget should include the funds and each Department held ACCOUNTABLE.

NOTE: The Dairy Industry is tired of being the "Whipping Boy" for the Federal COSTS for Government programs as all are labeled SURPLUS!!! Many of our Legislators in Washington and the public believe this gross dissemination of MISINFORMATION!!

B. As we see an alarming decline in Dairy production in the Northeast and the Midwest, we see an increase in the production in the West and Southwest.

Granted the West and Southwest can in the short run, produce with less dollar expense, but as a great and irreparable damage to the permanent water supply of those areas. This is totally irresponsible to that environment. WE MUST produce RESPONSIBLY!!!! I urge a SUPPLY-MANAGEMENT program that guarantees a fair living wage to the most economically distressed working segment of our Nation—the Dairy farmers, and stabilize the economy of those areas.

PREPARED STATEMENT OF CLAUDE BOURBEAU, DAIRY FARMER, ST. ALBANS, VT

Good morning, I am Claude Bourbeau, a dairy farmer in St. Albans, Vermont and a Supervisor on the Franklin County Conservation District Board. We are pleased that you are holding this important hearing in our State.

Conservation Districts have provided leadership in soil and water conservation at a local level for nearly 50 years. We have accomplished much through our voluntary program. Soil erosion is no longer our major conservation challenge. Water quality is now our number one priority and in that area, we are providing national leadership. Conservation Districts helped sponsor the first USDA water quality land treatment watershed project and one of the first rural clean water projects.

I live in the St. Albans Bay Rural Clean Water Project and I and many of my neighbors are participating by properly managing animal waste and others that are produced on our farms. However, much remains to be done. On the Vermont side of Lake Champlain alone, nearly 1,000 farmers still need accelerated technical and financial assistance if the water quality of Lake Champlain is to be protected. Clearly, Conservation Districts are the key to implementing Vermont's (nonpoint source) management plan as it relates to ground water and surface water.

On behalf of Vermont's Conservation Districts, I urge your committee to continue your strong support for providing technical and financial assistance for water quality protection in Vermont. Without the technical assistance and coordination provided by our Conservation Districts our farmers' efforts and your financial assistance would be in vain.

PREPARED STATEMENT OF JACQUES AND JEAN RAINVILLE, RAINVILLE RANCH, HIGHGATE CENTER, VT

To the Agriculture Committee:

I'm Jacques Rainville a farmer from Highgate Center. I have 60 milkers and 30 young stock. I have been farming for the last 4 years on my own, but all my life with my father.

Ever since we bought this farm, 4 years ago, the price of milk has been declining. All expenses have been rising considerably. Feed, equipment, supplies, etc. With $11 milk you just cannot survive.

In the past, Federal policies were designed to take farmers off the land, because of overproduction. We totally disagree with these types of programs. (The programs that take farmers off the land.) And these are the reasons why I disagree.

Being a French family, half my relatives come from Canada who operate farms "across the border" such as mine, and smaller, and they are receiving $19 to $20 a hundredweight for their milk (American exchange). The reason why they receive a decent price is because they have a program called supply management or otherwise called a quota that is allocated to them.

It has a cost of production formula. If it costs a certain amount to make milk, then you review your cost of production plus a reasonable profit. But in turn we have to control our production. Because they receive a cost of production farmers are ABLE to stay in business with a smaller herd. The average farm in Vermont is approximately 80 milking cows, and in Quebec it is a 40-cow farm and making a much better living because of the cost of production. We feel it is a much better system because it is a security to the Nation. If more product is needed more quota is allocated. And they HAVE the farmers to produce it, rather than a program that takes farmers off the land.

The Save the Family Farm Act was a very similar program which we put a lot of time and effort into it. We felt it was a very good program. We wish that you would take this program off your dusty files (Harkin-Gephardt bill) and revitalize this program that *thousands of farmers* help put together. Remember, this is a program that the farmers wanted because it guaranteed us a decent living and a future to look forward to. It is also a program that secures the food supply in the United States. Without a program like the Save the Family Farm Act, farmers would be leaving the land and the land will be developed and agriculture gone forever. At whose mercy will we be if there was no longer a food supply in the United States of America?

Do not let this be an issue that will turn out to be an ONLY Democrat or ONLY Republican. It is to great of an issue to be discussed in this manner.

P.S. My stand on bST: I do not see any thing wrong with bST if it does not affect the health of humans. If implemented correctly it will have to be with a supply management program, tied to parity (cost of production).

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